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The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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N. A. S. D. Minimum Capital Proposal Asks For "Blank Check" To Rule Members—Would Hurt All, Help None

Page 2, second paragraph, of the pamphlet sent along with the ballots to all members of the National Association of Securities Dealers, in connection with the proposed vote on ARTICLE 1, SECTION 1, contains the following statement:

"For the purpose of carrying out the provisions of this Section, THE BOARD OF GOVERNORS MAY, from time to time, BY RULES, DEFINE the term "net capital" and PRESCRIBE THE METHOD BY WHICH IT SHALL BE COMPUTED and the TIME WHEN and THE MANNER in which members shall submit statements of financial condition to the Corporation." (Effective October 15th, 1942.)

Just what does this mean? Does it mean that the regular rules of bookkeeping and accounting, under which investment firms now operate, are no longer going to be sufficiently valid tests for the determination of what is to constitute a member's "net assets"? The Board of Governors then will have the sole power to decide this vital point—when it is to be computed, AND HOW IT IS TO BE COMPUTED. This might mean many things. The Association might not allow a dealer to count some real estate bonds he was holding, or some other securities or assets, as an asset at all. They might even insist that from any cash he had in the bank he must deduct any debts he owes to the butcher, the baker and the candlestick maker. WHEN IT IS BEING SAID THAT THIS PROPOSED MINIMUM CAPITAL REQUIREMENT "IS JUST A START IN THE RIGHT DIRECTION," (THE INFERENCE BEING THAT THE MINIMUM SHOULD BE RAISED) IT IS MORE IMPERATIVE THAN EVER THAT THE MEMBERS OF THE N.A.S.D. SHOULD REJECT THIS DANGEROUS GRANT OF POWER OVER THEIR AFFAIRS. In all fairness to the present Board of Governors, however, we feel certain that all of them do not relish the thought of imposing minimum capital requirements on the industry, even though on the surface the contrary would seem to be the case, and they have no intention of grasping this enlargement of their powers or of abusing their position in any way. More than likely those that do favor the proposal have overlooked the serious longer term aspects of such a proposal. It is the longer view about which we are concerned, however, and such power should not be granted

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Our Reporter On "Governments"

By S. A. WILLIAMS

Secretary Morgenthau had a lot of choices for his last major financing of the 1942 fiscal year, which came out last Thursday. . . . He could have raised the $1,500,000,000 asked through the sale of a half-dozen types of notes or bonds. . . . But he picked a ⅝% certificate issue, due Feb. 1, 1943. . . . A real short-term offering. . . . Shorter than the market could stand or that the market indicated it wished. . . . And to obtain the balance of the funds needed during the coming few weeks, the Treasury is selling large amounts of discount bills every week. . . .

Why? . . . Why, at a time when the market is firm and investors are receptive, does the Secretary concentrate on the short-term market? . . . There must be and there is an answer. . . . And that answer, according to authoritative sources, is that the market is being prepared for a major long-term financing and for several fundamental changes in war borrowing tactics. . . .

Never before has the Government mart been under such rigid control. . . . In the memory of observers, never before has a build-up of such significant proportions been engineered by the fiscal heads for a long-term deal. . . . It may be that the long-terms to come will be spread over two to three months' offerings. . . . It may be that we'll get a flotation of $2,000,000,000 or so in one single operation. . . . Regardless of those details, which at this writing, can only be guessed at, the indications on all sides are that the first important deal of the 1943 fiscal year will use the long-term section of the market. . . . And it would be wise to prepare your portfolio for that probability right now. . . .

If you need longs to balance your maturity schedule, wait a while, pick up the new ones and place yourself in a better-than-average position. . . . If you have too many longs now, switch out of a few into the intermediates or shorts. . . . If you want to keep yourself ready for the coming deal, invest in the certificates or in discount bills on a temporary basis and keep your money invested until the deal comes along. . . .

IN JULY

Chances are we'll have an indication of the offering schedule in early July, for Secretary Morgenthau on Tuesday announced that the Treasury would borrow between $3,750,000,000 and $4,500,000,000 of "new money" in July and August. . . . In addition, he said, the discount bill issues per week will be kept at $300,000,000. . . . Meaning, sums raised from all sources by Treasury may hit $7,000,000,000 mark for the first two months of the fiscal year. . . .

Important sentence in announcement was "I have no tricks up my sleeve," indicating Treasury won't try unorthodox system in next 60 days, anyway. . . . Just another reason for anticipating a long-term issue. . . .

INTERMEDIATE GROUP

Assuming the expectations of a long-term issue next are accurate, the best section of the market for short swing speculation would appear to be the intermediate maturity group. . . . The short-term market has been bearing the brunt of financings recently. . . . The long-term market is due for a test. . . . The intermediate group

(Continued on page 2392)

OUR REPORTER'S REPORT

Railroad bonds appeared deprived of one of their major market bulwarks this week, when the House Ways and Means Committee was reported to have sidetracked the attempts of the carriers to broaden the scope of the law covering repurchasing of carrier obligations in the open market.

For several weeks the railroad's outstanding obligations had been sustained by demand growing out of the belief that the carriers would be successful in their efforts to induce the Congress to permit wholly solvent roads, as well as those in weaker financial position, to strengthen themselves by such procedure.

But a spokesman for the committee disclosed early in the week that a group had decided to do nothing about the plea of railroad men. He indicated that the committee had agreed merely to extend the present authorization for a period of three years.

The decision to extend it for three years was viewed as mak-

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Phila. Traders Get Air Corps Commissions

PHILADELPHIA, PA. — The following members of the Investment Traders Association of Philadelphia have been commissioned in the Army Air Corps:

Frank E. Haas, Rufus Waples & Co., and Samuel S. Boston, Butcher & Sherrerd, have been commissioned as First Lieutenants and are now in the training school at Miami Beach, Florida.

Eugene Hemphill, Merrill Lynch, Pierce, Fenner & Beane, is now a Second Lieutenant, stationed on active duty at Lowry Field, Denver, Colo. Also, William Gerstley, 2nd, a former partner of Gersdey, Sunstein & Co., has a Second Lieutenancy commission and is stationed at Chanute Field, Illinois.

William A. Lower Now With Searl-Merrick

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William A. Lower has become associated with Searl-Merrick Company, 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Lower was formerly Vice-President of O'Melveny-Wagenseller & Durst, and prior thereto for many years was head of William A. Lower & Co., Inc.

Wilson Dodd Now With Davies & Co. Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Wilson M. Dodd has become connected with Davies & Co., Russ Building, members of the New York and San Francisco Stock Exchanges. Mr. Dodd was formerly Vice-President of Franklin Wulff & Co., Inc. and prior thereto was with Bankamerica Company.

Tom F. Murphy Joins Maynard H. Murch

(Special to The Financial Chronicle)

CLEVELAND, O.—Tom F. Murphy has become associated with Maynard H. Murch & Co., 925 Euclid Avenue, members of the Cleveland Stock Exchange. Mr. Murphy was formerly Vice-President of Lowry Sweney, Inc., of Columbus, and in the past was with Salomon Bros. & Hutzler in Cleveland.

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Some Reactions of Security Firms to NASD Minimum Capital Proposal

Expressions of opinions continue to come in through the mail from dealers in various parts of the country. They are all opposed to the proposed minimum capital amendment in spite of the fact that in many instances they have large capital resources.

Some dealers, however, have made it known to our field representatives, and one told us over the telephone, that they differed with the views expressed in last week's "CHRONICLE" on the subject and we, therefore, have endeavored in this week's editorial on the subject to cover the points raised by them.

Here is what many of them said this week:

DEALER No. 1

Dear Sir:

I want to commend you upon the stand taken in the issue of June 18th regarding the proposed N.A.S.D. financial requirements for its members.

One of the few sensible things I have ever done was NOT to join the N.A.S.D. when it was originally formed. My business is, of course, mostly with other brokers and dealers and there seemed no reason for joining. Like most dealers I have a great many friends in the securities business. I have become intimate with many of these individuals on the telephone and by mail without actually knowing what they look like and all with whom I have discussed the matter feel that the N.A.S.D. has done them no good. In addition to being an actual expense it is a nuisance. Several of these dealers have expressed the opinion, after the N.A.S.D. sent out its last questionnaire, that they would like to resign but they feared to do so. This is certainly a fine commentary on American Democracy when an individual fears to resign from an organization which is supposed to be run for his benefit.

As you point out, a man's honesty cannot be measured by his bank account. I have in mind individuals who were reputed to have been worth many millions of dollars and who held conspicuous positions in the public eye, whose wealth was certainly no criterion as to their integrity. In driving the small dealer out of business the N.A.S.D. will be doing more to hurt the large underwriting houses than they realize. The small dealer contacts the ultimate consumer and, particularly in the smaller communities, is the only means the large underwriting house has of getting a wide distribution for its securities. It has always seemed to me that this is the one business where the more competitors you have the better off you are.

In closing, I want to say that I fail to see what necessary function the N.A.S.D. performs. The SEC has a perfect right, and avails itself of that right, to examine the books of every dealer and broker and to take such action as is deemed necessary to make that dealer or broker conform to the laws.

WHY DO WE HAVE AN NASD?—(From A New York City Dealer)

DEALER NO. 2

Gentlemen:

We have read your article in this week's issue of the "Chronicle," "NASD Seeks To Drive All Small Securities Houses Out of Business."

We agree with you in what you say 100% and appreciate your writing this article and publishing it.

For your information, we had on yesterday (before we read your article today) returned the ballot we received from the NASD and we not only voted against Article 1, Section 1, but we voted against all of the others along with it.

(Continued on page 2389)

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Whipple Nominated For IBA Presidency

Jay N. Whipple, partner of Bacon, Whipple & Co., Chicago investment securities firm, has been nominated for the presidency of the Investment Bankers Association of America, it is disclosed by John S. Fleek of Hayden, Miller & Co., Cleveland, President of the Association, who announced through the Association's office in Chicago the regular ticket of officers, as nominated by the Board of Governors, for election at the annual convention to be held in October.

Jay N. Whipple

Mr. Whipple is at present a Vice President of the Association and has been a member of the Board of Governors since 1938. He has been in the securities business in Chicago since 1919, having started with the former Chicago Savings Bank and Trust Co., later the Chicago Trust Co., which he left in 1926 to form his present firm. His organization is an underwriting and distributing house and also has memberships on the New York and Chicago Stock Exchanges.

Vice presidential nominees on the regular ticket are as follows: Arthur C. Allyn, A. C. Allyn and Co., Inc., Chicago; Albert T. Armitage, Coffin & Burr, Inc., Boston; John Clifford Folger, Folger, Nolan & Co., Inc., Washington; Albert H. Gordon, Kidder, Peabody & Co., New York, and Edward Hopkinson, Jr., Drexel & Co., Philadelphia.

Nomination is considered tantamount to election, since the selections of the Board of Governors have always been approved by the convention.

Mr. Whipple has been active in the affairs of the IBA for many years, having been Chairman of the Education Committee since 1939 and prior to that Chairman of the State Legislation Committee. In addition, he has served on numerous special committees and has appeared for the association in Washington hearings.

Taking a prominent part in the investment bankers' participation in war financing, he is a member of the U. S. Treasury's Victory Fund Committee of the Seventh Federal District and of its six-man executive committee. This is the group operating directly under the Federal Reserve Banks and the Treasury to coordinate the efforts of commercial and investment bankers behind the government's financing program. He is also Chairman of the Illinois Committee of the Securities Industry for War Financing, the "Committee of 100" which has cooperated with the State Administrator of the War Savings Staff on several of its campaigns and furnished the coaches for the 120,000 Minute Men who made the Chicago-wide War Bond Pledge canvass in May.

New Governors of the association, already elected by their respective groups but who will take office at the close of the convention along with the new President and Vice Presidents, are as follows:

California: Arnold Grunigen, Jr., Weeden & Co., San Francisco; A. E. Ponting, Blyth & Co., Inc., San Francisco; Harry B. Wyeth, Jr., Wyeth & Co., Los Angeles.

Central States: John E. Blunt, 3rd, Lee Higginson Corp., Chicago; William H. Brand, The Wisconsin Co., Milwaukee; Pat G. Morris, The Northern Trust Co., Chicago.

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Michigan: Philip K. Watson, Campbell, McCarty & Co., Inc., Detroit.

Minnesota: Elmer L. Williams, Allison-Williams Co., Minneapolis.

New England: William Bayne, Arthur Perry & Co., Inc., Boston, and Joseph T. Walker, Jr., Hornblower & Weeks, Boston.

New York: Fairman R. Dick, Dick & Merle-Smith, John D. Harrison, Lazard Freres & Co., Augustus W. Phelps, Phelps, Fenn & Co., Percy M. Stewart, Kuhn, Loeb & Co., all of New York City.

Northern Ohio: Maynard H. Murch, Maynard H. Murch & Co., Cleveland.

Ohio Valley: Stanley G. McKie, The Weil, Roth & Irving Co., Cincinnati.

Southeastern: William J. Price, 3rd, Alex. Brown & Sons, Baltimore.

Southern: Hagood Clarke, Johnson, Lane, Space & Co., Inc., Atlanta.

Southwestern: Felix D. Farrell, City National Bank and Trust Co., Kansas City.

A number of Groups fully represented by carry-over Governors did not elect new ones this year.

Municipal Forum Elects New Officers For 1942

The Municipal Forum of New York at its annual meeting elected Charles F. Aufderhar, Jr., Savings Bank Trust Company, President, to succeed Craig S. Bartlett, First National Bank of Jersey City.

John J. Rust, Equitable Securities Corp., was chosen to succeed Mr. Aufderhar as Vice President. Elmo P. Brown, United States Trust Company, was named Secretary, succeeding Floyd F. Stansberry, The Bankers Trust Co., and Harold H. Hahn, Thomson, Wood & Hoffman, was again chosen Treasurer. Arnold Frye, Hawkins, Delafield & Longfellow, and William W. Metzger, Graham, Parsons & Co., were elected governors for three year terms.

Cohu-Torrey To Admit Irvin Hood As Partner

Irvin Hood will be admitted to partnership in Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, effective July 1. Mr. Hood was formerly a partner in Hood & Co. and prior thereto was Vice-President of J. L. Richmond & Co., Inc.

D. H. Silberberg To Join H. Hentz & Co.

Daniel H. Silberberg will become a limited partner in H. Hentz & Co., 60 Beaver Street, New York City, members of the New York Stock Exchange and other leading national exchanges, as of July 1. Mr. Silberberg was formerly senior partner in D. H. Silberberg & Co., which is dissolving effective June 30.

COMMERCIAL and
FINANCIAL CHRONICLE
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Editor and Publisher
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Musson Heads NSTA War Bond Committee

James F. Musson of B. J. Van Ingen & Co., New York, has been appointed Chairman of the War Bond Committee of the National Security Traders Association to succeed Thos. Graham of the Bankers Bond Co. of Louisville, Ky., who requested that he be relieved of the Chairmanship, it was announced by Jos. W. Sener, of Mackubin, Legg & Company, Baltimore, President of the Association. Mr. Graham will continue to serve as a member of this Committee.

James F. Musson

Mr. Musson is also Chairman of the Association's Municipal Committee.

F. Thomas Kemp of Thomas Kemp & Co., Los Angeles, has been appointed to succeed J. Earle Jardine, Jr., William R. Staats Co., Los Angeles, who resigned to go on active duty with the U. S. Army, attached to the Office of Civilian Defense in California.

Peter Follar, Others Are With Cowen & Co.

Cowen & Co., 54 Pine Street, New York Cty, members of the New York Stock Exchange and other exchanges, announce the association with them of Peter E. Follar, Daniel F. O'Hara, Harry L. Arnold, Jack Honig, Ira N. Langsan and Alan Peyser, all of whom were previously with D. H. Silberberg & Co., of which Mr. Follar was a partner.

Nominating Committee Of NSTA Is Appointed

Jerome F. Tegeler of Dempsey-Tegeler & Co., St. Louis, has been appointed Chairman of the Nominating Committee of the National Security Traders Association, it was announced by Joseph W. Sener of Mackubin, Legg & Co., Baltimore, President of the Association. The election will be held in August with the new officers assuming their duties as of Oct. 1, 1942, the beginning of the Association's fiscal year.

Other members of the Nominating Committee are: Neil De Young of De Young, Larson & Tornga, Grand Rapids, Michigan; Clyde C. Pierce of Clyde C. Pierce Corporation, Jacksonville, Florida; Miles A. Sharkey of O'Melveney-Wagenseller & Durst, Los Angeles, California; and Andrew L. Tackus of Putnam & Co., Hartford, Connecticut.

Detroit Traders To Hold Summer Outing

DETROIT, MICH.—The Securities Traders Association of Detroit and Michigan, Inc., announces that their 1942 Summer outing will be held on Friday, June 26, at the Pine Lake Country Club. All members are urged to attend by the officers.

There will be golf, tennis, baseball, horseshoes, swimming, etc., and dinner (all free, including beer and coca-cola). There will also be active trading in defense bonds. Guests are welcome ($4 per person).

Members of the Outing Committee are: Ray P. Bernardi, Cray, McFawn & Co., Chairman; John K. Roney, Wm. C. Roney & Co., President of the Association, and Don W. Miller, McDonald, Moore & Hayes, Treasurer.

W. K. Archer Fights SEC Expulsion Order

KANSAS CITY, MO.—The Securities and Exchange Commission recently issued an order calling for the revocation of the broker-dealer registration of W. K. Archer & Co., their membership in the National Association of Securities Dealers, and their membership in the Chicago Stock Exchange.

This action by the SEC was not justified by their conduct, W. K. Archer & Co. charges, and the firm has obtained an injunction against the Commission restraining it from enforcing its order until the case can be reviewed by the United States Circut Court of Appeals and pending final determination of the case in court. "The case is no ordinary case," W. K. Archer & Co. declares, "as no complaint has ever been registered by a customer of our firm."

Insured Investment For Investors And Trustees

The Fulton County Federal Savings and Loan Association, Ground Floor Trust Co. of Georgia Building, Atlanta, Ga., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings and Loan investments full particulars. Current dividend rate of 3½% per annum.

Young Now Vice-Pres.

PASADENA, CALIF. — Paul Young has been made a Vice-President of Leo G. MacLaughlin Company, 54 South Los Robles Avenue, members of the Los Angeles Stock Exchange. Mr. Young's association with the firm was reported in the "Financial Chronicle" on April 9.

We are interested in offerings of
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Virginia Public Service 3¾s, now available over the counter at around 104½, are considered an attractive long term investment for commercial banks and individuals looking for a better than medium grade obligation offering a good return to maturity. The Debenture 5s, 1957, yield 4.90% at the current price of 101, and are necessarily on the speculative side since they rank below $26,000,000 of the First Mortgage 3¾s.

Offered early this month, the First 3¾s were issued to refund three issues of the company's first and refunding mortgage bonds which carried coupons of 5%, 5½% and 6%. Together with the new 5% debentures, the new offering also refunded the company's 6% debentures and issues of subsidiary high coupon bonds and the company's serial 4% notes due to 1943. The new 3¾s are outstanding in the amount of $26,000,000 and the 5% debentures in the amount of $10,500,000, for a total funded debt of $36,500,000. Balance of capitalization consists of 6% and 7% series preferred stock and 782,000 shares of common.

With this refinancing, the company accomplishes a simplification of its corporate setup. Three subsidiary companies, Virginia Public Service Generating Co., Hampton Towing Corp., and Middle Virginia Power Co., are to be dissolved. The company has also filed with the SEC a plan of recapitalization, proposing a reclassification of existing preferred and common stocks into one class of new common, an accounting reorganization, etc.

Virginia Public Service Company is principally an electric operating company engaged in the purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. In 1941, 87% of its consolidated operating revenues was derived from sale of electricity, 4% from gas and the balance from transportation and ice. The most important of the territories served by the company extends through the central part of Virginia from the Potomac River on the north to the North Carolina state line on the south and into the west-central part of Virginia and the east-central part of West Virginia. In this territory Virginia Public Service derived 75% of its electric gross in 1941, some of the municipalities served being Alexandria, Warrenton, Staunton, Waynesboro, Charlottesville, Lexington, and Covington. Territories served have an estimated population of 615,000.

During 1941, electric sales were derived approximately as follows: Residential and Rural 41.5%, Commercial 24.9%, Industrial 20.4%, Municipal 11.5%, the balance from miscellaneous customers. Among the largest industrial customers, in order, are Newport News Shipbuilding, Chesapeake & Ohio Railway, Blue Ridge Rayon Mills, Columbian Paper Company, Liberty Limestone Company and Duplan Silk Company. The company has never had a formal rate proceeding and none is now pending. Six general rate reductions have been made since Jan. 1, 1937, with a total estimated annual saving to customers of $864,800.

A substantial and continuous growth has been experienced over the last five years. This growth has been accelerated to a considerable extent in the territory comprising the Eastern Division and in the Arlington County-

(Continued on page 2383)

This advertisement appears as a matter of record as offering is made only by the Prospectus referred to below. The Prospectus is not an offer by either of the underwriters to sell the Debentures in any state to any person to whom it is unlawful to make such offer in such state.

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Price: 100% and accrued interest
Pennsylvania 8 Mills Personal Property Tax Refunded

**Of which $150,000 are presently offered and $350,000 are to be offered in connection with an offering, to be made during the thirty-day period beginning July 18, 1942, to the holders of the Corporation's Preferred Stock.*

Copies of the Prospectus may be obtained from the undersigned.

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Investment Dealers

If you are hindered from entering our armed forces by responsibility to your firm's personnel, we shall be glad to consider taking over your business while you are away. Arrangements on a mutually satisfactory basis can be made.

We should also be glad to take over organizations intact where members, for other reasons, wish to be relieved of responsibilities, or withdraw capital, yet wish to continue more or less active in the business. Assets can be purchased with allowance for good will, etc.

Firms need not necessarily be in cities where we now have offices, as we would consider opening additional branches. Inquiries held in confidence.

R. H. Johnson & Co.
Established 1927
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New York
Boston Troy Albany Watertown
Philadelphia Williamsport Pittsburgh Wilkes-Barre

Cgo. Tractions Interesting

Current conditions are the most favorable in years for Chicago transportation companies, according to a study of Chicago traction securities just issued by Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago, Ill., because of the high rate of industrial employment and the curtailment of auto usage. The two important agencies of Chicago transportation, the study states, are just emerging from a receivership which realistically scales down their capitalizations and they are to be unified into one system with an extensive modernization program, including a subway, providing greatly improved facilities.

The study discusses reasons for receivership of the companies, conditions necessary for successful operation, reorganization, distribution of securities, etc., and contains a most interesting table of combined results from operations for a period of 13 years of Chicago Railways Company, Chicago City Railway Company, Calumet and South Chicago Railway Company, Southern Street Railway Company and the Chicago Rapid Transit Company.

Morse With Pasadena Corp.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William H. Morse, formerly manager of the research department of the local office of Conrad, Bruce & Co., has become affiliated with Pasadena Corporation, 234 East Colorado Street, Pasadena, Calif.

DALLAS

Bought — Sold — Quoted

Dr. Pepper
Republic Insurance
New Mexico Gas Co. Com. & Pfd.
Great Southern Life Ins. Co.
Southwestern Life Ins. Co.
Dallas Ry. & Ter. 6% 1951
All Texas Utility Preferred Stocks

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DALLAS, TEXAS
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DETROIT

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Members of Detroit Stock Exchange
PENOBSCOT BUILDING
DETROIT, MICH.

ST. LOUIS

STIX & CO.
SAINT LOUIS
509 OLIVE ST.

●

Members St. Louis Stock Exchange

Rodger, Kipp & Co. Formed In Chicago

CHICAGO, ILL.—Rodger, Kipp & Co., members of the Chicago Stock Exchange, has been formed with offices at 10 South La Salle Street, to engage in a general investment business. Partners are Arthur T. Rodger, the firm's Exchange member, and Austin G. Kipp. Both were formerly with Brailsford, Rodger & Co., of which Mr. Rodger was a partner.

Now Brailsford & Co., Cgo. Exchange Member

CHICAGO, ILL. — Walter R. Brailsford has been elected a member of the Chicago Stock Exchange, it was announced today. The name of Mr. Brailsford's firm, Brailsford, Rodger & Co., 208 South La Salle Street, has been changed to Brailsford & Co.

Jules Bache Rejoining Chicago Board of Trade

Jules S. Bache, head of the New York Stock Exchange firm of J. S. Bache & Co., 36 Wall Street, New York City, which is celebrating its 50th anniversary this year, is rejoining the Chicago Board of Trade. He was formerly a member of the board from April 14, 1888, to Aug. 24, 1932, when his membership was transferred. Had he retained his membership he would now hold the third oldest living membership.

Mr. Bache also holds memberships in the Philadelphia Stock Exchange, Boston Stock Exchange, New York Cotton Exchange, New York Produce Exchange, New York Coffee & Sugar Exchange, and holds the oldest membership in the Chicago Stock Exchange, having been a member since 1883.

Haskelite Manufacturing Corp.
Common Stock

Bought — Sold — Quoted

LINK, GORMAN & CO.
Incorporated
208 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS

Telephone State 7844 Teletype CG 1213

Haskelite Manufacturing Corporation

Good War And Post-War Prospects For This Pioneer Manufacturer Of Plywood

The Haskelite Manufacturing Corporation of Grand Rapids may well be one of those companies which our war effort will place in a well-established position in the post-war economy. Toward the end of World War I, this company experimented with plywood for airplanes, but the plywood of 1916 was in a class with the airplanes of those days. After the last war ended, plywood manufacture continued but suffered from the failure of its champions to place it in the field where it belonged: a product of wood, but with features of strength far beyond the properties of ordinary wood.

It took the automobile-trailer boom days of 1936 and 1937 to bring to greater utilization the quality of strength combined with light weight which is embodied in plywood and its mate, plymetal. Although the trailer boom was relatively short-lived, it resulted in the first "hit" for plywood and plymetal, and through this the Haskelite Manufacturing Corporation received its greatest stimulation. From that period on, the problems have centered upon attempts to meet the demands of new consumers, and these demands have been activated greatly by the war production drive.

In simplest terms, plywood consists of thin strips of wood glued together in opposing grain directions. Plywood is made by peeling a log with a long, sharp knife while the log is rotated. A ribbon of wood about 1-16 inch thick and as wide as the log is long results—this takes advantage of the structural patterns of the tree. Since wood does not expand in the direction of the grain, the plywood is prevented from expanding against the grain by gluing the plys one to another with the grains running in opposite directions. High quality aircraft plywood constitutes one of the company's most important products, being used for wing surfaces, fuselages, tail surfaces, floors, partitions and doors.

Haskelite's plymetal products are sold under the trade name of Plymetl, a metal-covered plywood combining strength with light weight, used for light-weight railway passenger cars, sides and floors of trucks and buses, elevator cabs, elevator enclosures, escalators and soda fountains. Phemaloid, a moisture and fungi proof compound lumber, is manufactured for floors of trucks and buses, sidings, wall partitions, ship building and many other uses.

In 1938 and 1939 Haskelite, together with Bakelite and Fairchild Engine and Airplane, perfected what is now known in the plywood industry as the Duramold process. Duramold is a material composed of wood fibres and synthetic resins combined under heat and pressure in such a manner that strength, rigidity and specific gravity may be controlled as desired. Fairchild now controls the aeronautical rights to Duramold and Haskelite the non-aeronautical rights. Duramold's future looks especially promising in uses such as beer barrels, luggage, radio cabinets and other purposes where its peculiar properties of strength, light weight, and the ability to be shaped will be of value. The possibility of using this product in automobile bodies has also been mentioned.

Although prior to 1929 the company enjoyed several profitable years, between 1931 and 1939 lack of heavy demand for plywood products plus several years of poor general business conditions resulted in generally unprofitable operations. After a deficit of $20,000 in 1939, the year 1940 resulted in a sharp recovery with net income of $296,000, equal to $2.56 per share on the common stock then outstanding. Sales of $3,589,000 in 1940 were three-and-one-half times those reported in 1939 and by far the largest in the company's history.

For the year 1941, sales amounted to $5,582,000, up 55½% over 1940, the previous peak year. Operating profit of $739,000 was 42% above the $521,000 realized in 1940. Extremely higher income and excess profits taxes, however, kept net income below that reported in 1940—$282,000 in 1941 against $296,000 in 1940. During 1941, outstanding common was increased to 183,490 shares from 115,880, so that on the basis of the shares outstanding at the end of 1941, net income was equivalent to $1.54 compared with $1.62 in 1940. By selling additional common stock in 1941, Haskelite retired $195,000 of funded debt, and a small issue of preferred. At the end of 1941, there was no funded debt, the sole capitalization consisting of common stock. Net working capital at the end of the year amounted to $703,000, equal to $3.80 per share of stock. Current assets totalled $1,542,000, of which cash was $143,000, receivables $543,000 and inventories $855,000. Total current liabilities were $839,000 and consisted of bank loans of $20,000, trade payables and tax reserves.

Net income for the first four months of 1942 is understood to have been equal to 91 cents per share after provision for taxes at the rate of 70% of net income before taxes; during the same period of 1941, net income per share was 55 cents after providing for taxes at the rate of 32%. At April 30, 1942, net working capital stood at $803,000 compared with $703,000 at the end of 1941.

As currently priced, the common stock of Haskelite Manufacturing Corporation appears to offer extremely interesting speculative possibilities—both for the near term as the result of war activity, and for the longer term in view of the interesting potentialities of the company's peacetime products.

MacCallum To Be Partner

Douglas C. MacCallum will become a partner in Holsapple & Co., 30 Pine Street, New York Cty, members of the New York Stock Exchange.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Malcolm L. Saunders** has become associated with **Raymond & Co.**, 148 State St.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**May L. Hartigan** has been added to the staff of **Leason & Co., Inc.**, 39 South La Salle St. Miss Hartigan was formerly Secretary of J. H. Beall & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Liston H. Crist** has become affiliated with **Otis & Co.**, Field Building, where he will continue to specialize in municipal issues. Mr. Crist, a specialist in the municipal bond field, for the past 14 years has been with H. C. Speer & Sons Company.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Herbert H. Post**, formerly with Straus Securities Co. for a number of years, has become associated with **Thompson Ross Securities Co.**, 39 South La Salle St.

(Special to The Financial Chronicle)

CINCINNATI, O. — **Frederic F. Latscha** is now with **Geo. Eustis & Co.**, 18 East Fourth St. Mr. Latscha for many years was Cashier for W. P. Clancey & Co.

(Special to The Financial Chronicle)

GREENSBORO, N. C. — **Otis Dixon Phillips** has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, 107 West Gaston St. Mr. Phillips was formerly Local Manager for Abbott, Proctor & Paine and in the past was with E. A. Pierce & Co.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Luther M. Davenport** has joined the staff of **Oscar E. Dooly, Jr.**, Ingraham Building.

(Special to The Financial Chronicle)

NEW BRITAIN, CONN. — **Donald R. Hart**, formerly Local Manager for Goodbody & Co., has become associated with **Tifft Bros.**, whose main office is located at 1387 Main St., Springfield, Mass.

MUNICIPAL
RAILROAD
PUBLIC UTILITY
AND INDUSTRIAL
SECURITIES

THOMPSON ROSS SECURITIES CO.
Incorporated
CHICAGO

(Special to The Financial Chronicle)

PORTLAND, ME.—**William M. MacLeod** is now with **Baldwin & Co.**, Chapman Building. Mr. MacLeod was formerly connected with Graham, Parsons & Co.

(Special to The Financial Chronicle)

ROCKFORD, ILL. — **Carroll H. Starr**, formerly Local Manager for Merrill Lynch, Pierce, Fenner & Beane, has become associated with **Paul H. Davis & Co.**, whose main office is located at 10 South La Salle St., Chicago, Ill.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Herbert A. Phillips** has become connected with **Kanter & Gross**, 127 Montgomery St.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — **Froman Smith** has rejoined the staff of **Fusz-Schmelzle & Co.**, Boatmen's Bank Building. Mr. Froman was recently with J. W. Brady & Co., Louis W. Ochs & Associates, Inc., Kerwin, Fotheringham & Co., and Stifel, Nicolaus & Co.

In Armed Forces

T. Clifford Rodman, Chicago resident partner of Shields & Company, is going back into Naval Aviation as Lieutenant Commander. He will report to the Naval War College at Newport, R. I. on June 29, where he will be stationed for five months, after which time he expects to go to to sea on an aircraft carrier. He was Naval Aviator No. 125 in World War I. He has been a director of the Chicago Board of Trade and for several years was Chairman of the Business Conduct Committee, and also served as a Governor of the Chicago Stock Exchange.

Ben W. Sartor, formerly with Cunningham & Co., Union Commerce Building, Cleveland, Ohio, has entered the U. S. Army.

Robert S. Watts, who was connected with The Ohio Co., 51 North High Street, Columbus, Ohio, has left the firm to accept a commission in the U. S. Navy.

J. Maxwell Colburn of J. M. Colburn & Co., 19 Congress Street, Boston, Mass., is serving in the U. S. Navy and the business of J. M. Colburn & Co. is being discontinued. H. Bigelow Emerson, an associate of the firm, has formed Emerson & Company in Boston.

Thomas Beckett, President, and R. R. Gilbert, Jr., Vice-President of Beckett, Gilbert & Co., Inc., First National Bank Bldg., Dallas, Tex., will shortly join the U. S. Naval Reserve and the firm of Beckett, Gilbert & Co., Inc. will become inactive for the duration of the war, effective July 1st. Robert S. Hudson, a Vice-President of the firm, is forming R. S. Hudson & Co., Inc., to deal in securities in Dallas, it is understood.

David S. Skall has resigned as President of the Cleveland Stock Exchange to enter officers' training school at Miami Beach, Fla. S. Prescott Ely, a partner in Curtiss, House & Co., and Vice-President of the Exchange, will act as President until the next annual meeting in February.

Elmer A. Dittmar, President of Mahan, Dittmar & Co., South Texas Bank Building, San Antonio, Tex.; John P. Hall, Russell R. Rowles and Harold S. Stewart, Vice-Presidents of the firm, are now in the armed forces. The firm is continuing its investment business as usual.

Thomas S. Clayton, President of Clayton & Co., 600 Griswold Street, who was an officer in the last World War, has been commissioned a Major in the Army and will be stationed at the Federal Reserve Bank in Minneapolis. Clayton & Co. is retiring from the investment banking business for the duration, both Detroit and Grand Rapids offices being closed as of June 30.

Tomorrow's Markets Walter Whyte Says—

Despite influx of bad news market reaction is normal. Setback indicated and news just set if off. General optimism now veers to pessimism. Think both exaggerated.

By WALTER WHYTE

In the final paragraph of last week's column I explained the necessity for stops and emphasized that the war made these necessary. At this writing the news I feared might come, did come.

* * *

First there was the Jap occupation of Kiska, another island in the Aleutian chain. Then there was the increasing danger that Sevastopol might fall. And last but by no means least was the sudden collapse of the Middle East defense and the surrender of Tobruk.

* * *

The market, as you already know, got this news all in a lump over the week end. So on Monday it not only opened off but spent the rest of the day adding to opening losses. Tuesday prices recovered a little; in any case they stopped going down. Yesterday was a repetition of Tuesday; no more decline but lots of dullness.

* * *

Strange how the pendulum swings from optimism to pessimism. In the last three or four weeks optimism ran high as everybody knows. United Nation spokesmen were forecasting new and bigger defeats for the Axis powers. The news of the mass raids over Germany were greeted with glee. The shellacking of the Jap fleet off Midway was a harbinger of coming joy. On all sides you could hear from "informed sources" that the war would be over in six months on the outside. The market was up through its old highs and everybody began agreeing that it was going higher. Then came Tobruk, Kiska and Sevastopol followed by news of more sinkings off the Atlantic coast; the shelling of the Canadian and Oregon coasts, and right away the pendulum began swinging the other way. The market went off and the cheerful optimists of last week became the doleful pessimists of this week. The six month war protagonists no longer were so sure of their opinion. They began speaking of a five year war.

* * *

I have no knowledge of how long this war will last. I doubt if anybody else does either. But just as I didn't believe the six month story so do I doubt the five year forecast.

* * *

But if I don't know anything about the war I do know that the market has not acted so badly in the face of the bad news it was called upon to absorb in the past week.

* * *

As last week closed, the market by its action indicated that a reaction was in the wind. I pointed out that it was faced with two possibilities; reaction or continued dullness. The dullness to take the place of reaction. Yet I emphasized that with the market in the vulnerable position that it was, any piece of bad news might intensify

(Continued on page 2388)

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Last Call For Phila. Traders Outing

PHILADELPHIA, PA.—The Investment Traders Association of Philadelphia is issuing the last call for their summer outing to be held at the Manufacturers Golf & Country Club at Oreland, Pa. The program will include golf, tennis, quoits, softball, and swimming. Charge for guests is $5; for golf (Kickers Handicap), $2.

Reservations may be made with Russell M. Dotts, Bioren & Co., Chairman of the Outing Committee (New York phone HAnover 2-9438), or Edmund J. Davis, Rambo, Keen, Close & Kerner (New York phone WHitehall 3-6250).

F. V. Nixon Now With Quincy Cass Associates

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Francis Vincent Nixon has joined the staff of Quincy Cass Associates, 530 West Sixth Street, members of the Los Angeles Stock Exchange. Mr. Nixon was recently with Hopkins, Hughey & Co. Prior thereto Mr. Nixon was in business in New York City, was an officer of Distributors Group with headquarters in Los Angeles and was with Rutland, Edwards & Co. and Laswell & Co.

St. Louis Ry. Interesting

The current situation in the securities of St. Louis Southwestern Railway Co. offers interesting possibilities, according to a circular just issued by Pflugfelder, Bampton & Rust, members of the New York Stock Exchange, 61 Broadway, New York City. Copies of the circular may be obtained from Pflugfelder, Bampton & Rust upon request.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜; low—14¾; last 32¾.

RAILROAD SECURITIES

The market took the passage of the McLaughlin Bill last week in its stride. Except for minor, and short-lived, flurries in Delaware & Hudson and Colorado & Southern bonds the possibility of the revival of this so-called relief measure went unnoticed, and second grade bonds continued their slow melting process. In essence, the measure, which must now be acted on by the Senate, provides that railroad capital revisions approved by the court and the Interstate Commerce Commission, and assented to by holders of more than three-quarters of the affected claims, including at least 60% of each class of claim affected, shall be binding on all security holders and creditors. It will set up permanent machinery for voluntary capital readjustments such as were effected by Baltimore & Ohio and Lehigh Valley under the temporary Chandler Act of 1939. It would also extend the relief to non-carrier corporations obligated on rail securities, a provision inserted to cover the Delaware & Hudson where the holding company is obligated on the railroad mortgage which matures next year. It would not, as was originally believed in many quarters, cover Alleghany Corporation with respect to its maturity problems. Alleghany is a railroad holding company but it is not an obligor on railroad bonds.

The Act as passed by the House is unquestionably constructive, but it will presumably not have as wide application as had been expected. It will supplement and not supplant existing reorganization procedure. The main beneficiaries in the visible future will be Delaware & Hudson and perhaps Bangor & Aroostook in the handling of their troublesome 1943 mortgage maturities. It is in this application that the legislation has a sound function in that it will be able to forestall the necessity for many costly and unnecessary bankruptcy actions. Where a road has exhibited long term ability to support its debt structure, but is faced with a maturity that can not be refunded just because of immediate market conditions or because of broad public pessimism towards rail securities, it is obviously economically unsound to go to the expense and trouble of a thorough judicial reorganization where all security holders will be losers. A maturity extension, particularly when accompanied by some reduction in the principal and the establishment of a sinking fund, is to the advantage of all concerned, and legislation to expedite such actions is to be applauded.

On the other hand, any attempt to utilize legislation of this nature to avoid bankruptcy where there is an obvious crying need for a thorough revision of the capital structure must be considered unsound. Fortuitously, Baltimore & Ohio ran into a period of phenomenal traffic and earnings expansion shortly after its Chandler Act readjustment became effective, and was thus able to pay off its accumulations of contingent interest early this year. Nevertheless, the adjustment plan did nothing to improve the fundamental condition of a too heavy debt structure. The readjustment can not be considered economically sound nor justified, and it is widely conceded that it merely postponed an inevitable judicial reorganization instead of preventing it. The fallacy of artificial attempts to avoid the inevitable is best illustrated by the fact that Balaimore & Ohio 1st Mortgage bonds still hover in the middle 50s, substantially below prices for senior liens of even such roads as "New Haven" and Missouri Pacific which are still far from consummation of reorganization. Credit can never be reestablished by such means, and it merely tends to aggravate the public pessimism toward all rail bonds.

The House in its recently passed measure has attempted to forestall this type of readjustment. The bill provides that before a plan can be approved there must be findings by the Commission that the road is not in need of reorganization under Section 77, and that the inability of the road to meet its obligations is reasonably expected to be temporary. Such findings could not logically be made in the case of a railroad that has consistently over a period of years been unable to cover its fixed charges under normal business and traffic conditions. Strict adherence to these limiting provisions of the bill would certainly exclude any such plan as that proposed by Colorado & Southern, putting a portion of interest on a contingent basis permanently. The very nature of this provision, showing the basic and not temporary nature of the road's inability to meet its obligations, is an admission that the company is in need of reorganization. Such plans are merely designed to keep alive an equity which is obviously valueless from the point of view of earning power or assets.

If the bill is enacted as passed by the House, which is believed likely, and the Commission holds strictly to the governing limitations, the rosy promise that has been held out in many quarters that all marginal roads will henceforth be protected from the long drawn process of reorganization, will have to be relegated to the discard. The one sobering thought comes from the recollection that in the early and middle 30s the ICC certified that such roads as Missouri Pacific, "New Haven," Erie, etc., were not in need of reorganization when approving RFC loans.

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Hammerslough A Director

William J. Hammerslough has been elected a Director of Burlington Mills Corporation, it is announced. Mr. Hammerslough for the past 10 years has been a general partner of Lehman Bros., 1 William St., New York City, and is a Director of The Lehman Corporation. Lehman Bros. have been identified with the financing of Burlington Mills Corporation since the initial public offering of its stock in 1937.

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DIVIDEND NOTICES

Dividend Notice

The Board of Directors today declared a dividend of 40¢ per share on the Common Stock of this Corporation, payable July 15, 1942 to stockholders of record July 3, 1942. Checks will be mailed.

S. W. DUHIG,
Vice-Pres. and Treas.

June 23, 1942

SHELL UNION OIL CORPORATION

American Manufacturing Company

NOBLE AND WEST STREETS
BROOKLYN, NEW YORK

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of 50c per share on the Common Stock of the Company. Both payable July 1, 1942 to Stockholders of record June 19, 1942.

ROBERT B. BROWN, Treasurer.

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 106

A cash dividend declared by the Board of Directors on June 17, 1942, for the quarter ending June 30, 1942, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on July 15, 1942, to shareholders of record at the close of business on June 30, 1942. The Transfer Books will not be closed.

D. H. FOOTE, *Secretary-Treasurer*

San Francisco, California.

CITY INVESTING COMPANY

55 BROADWAY, NEW YORK

June 18, 1942

The Board of Directors has this day declared, out of surplus earnings of the Company, a dividend for the three months ending June 30, 1942, of one and three quarters (1¾%) per centum upon the issued and outstanding Preferred Capital stock of the Company, other than Preferred stock owned by the Company, payable July 1, 1942, to holders (other than the Company), of the Preferred Capital stock of record on the books of the Company at the close of business on June 26, 1942. Checks will be mailed.

G. F. GUNTHER, Secretary

JOHN MORRELL & CO.

DIVIDEND NO. 52

A dividend of Fifty Cents ($0.50) per share on the capital stock of John Morrell & Co., will be paid July 25, 1942, to stockholders of record June 30, 1942, as shown on the books of the Company.
Ottumwa, Iowa. Geo. A. Morrell, Treas.

National Power & Light Company

$6 PREFERRED STOCK DIVIDEND

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment August 1, 1942, to holders of record at the close of business July 15, 1942.

ALEXANDER SIMPSON, Treasurer

THE SUPERHEATER COMPANY

Dividend No. 145

A quarterly dividend of twenty-five cents (25c) per share on all the outstanding stock of the Company has been declared payable July 15, 1942 to stockholders of record at the close of business July 3, 1942.

M. SCHILLER, Treasurer.

Richardson Reelected Toronto S. E. Head

With the closing, on June 23, of nominations for the officers and managing committee of the Toronto Stock Exchange, T. A. Richardson, of F. O'Hearn & Co., was elected to the Presidency for a second term. Also elected by acclamation were the officers and members of the committee who served last year with the exceptions of J. Harold Crang, Treasurer, and T. H. Roadhouse, both of whom have withdrawn from the committee to serve on war work. The resulting vacancies on the committee were filled by two former Presidents of the Exchange, Gordon W. Nicholson and Frank G. Lawson.

The position of Vice-President is again occupied by Wilfrid G. Malcolm, of A. E. Ames & Co., while Hector M. Chisholm remains as Secretary. Mr. Crang's position as Treasurer last year is this year filled by J. B. White, of Duncanson, White & Co., a previous member of the board.

The committee this year is unique in that all members are former Presidents of the Exchange, either of the present organization or else of the two old Exchanges before the merger of 1934. These members comprise Gordon R. Bongard, who held the position in 1940-41; Frederick J. Crawford in 1939-40; Frank G. Lawson in 1938-39; H. B. Housser in 1936-37; Gordon W. Nicholson in 1935-36, and E. Gordon Wills in 1920-22.

Mr. Richardson is the 43rd incumbent to hold office and has been a member of the committee for a number of years, serving as Vice-President in 1940-41.

Federal Screw Looks Good

The securities of Federal Screw Works offer an interesting situation at the present time according to a memorandum issued by Rogers & Tracy, Inc., 120 South La Salle Street, Chicago, Ill. At present, the memorandum declares, substantially all of this company's production is defense work and it has a large volume of unfilled orders assuring its plants capacity operation for some time to come—the company has been awarded the Navy Ordnance Flag and "E" Pennant.

The memorandum contains a brief discussion of the company's finances, earnings, dividends and a condensed balance sheet. Copies may be obtained by dealers upon request to Rogers & Tracy, Inc.

DIVIDEND NOTICES

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of One Dollar ($1.00) per share on the Common Capital Stock, both payable on July 15, 1942 to stockholders of record at the close of business June 27, 1942.

GEORGE MIXTER,
June 18, 1942. *Treasurer.*

THE YALE & TOWNE MFG. CO.

On June 23, 1942, a dividend No. 208 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable October 1, 1942, to stockholders of record at the close of business September 10, 1942.

F. DUNNING, Secretary.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

The Chase National Bank of the City of New York has declared a dividend of 70¢ per share on the 7,400,000 shares of the capital stock of the Bank, payable August 1, 1942, to holders of record at the close of business July 10, 1942.

The transfer books will not be closed in connection with the payment of this dividend.

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
W. H. Moorhead
Vice President and Cashier

Bank and Insurance Stocks

This Week—Insurance Stocks

Everybody expects underwriting losses in the aggregate to increase under wartime conditions, although rise in the ratio of losses to earned premiums should be moderate and offset by reduction in the ratio of expenses to expanded premium volume. Yet it is a fact that fire losses and automobile accident frequency are currently showing declines, especially the latter; and ocean marine loss experience should be more moderate from now on.

Fire losses in May, 1942, reported by the National Board of Fire Underwriters, aggregated $23,233,000, the lowest month for 1942, the third consecutive monthly reduction thus far in 1942, and the smallest May losses since May, 1939. The reduction compared with May, 1941, was $2,404,000, or 9.4%. Disregarding seasonal considerations, measured against the high January and February 1942 losses totaling $35,565,000 and $30,819,000, respectively, or 34% and 18% higher than in 1941, the May, 1942 losses are running 35%-25% lower.

However, because of the substantially larger losses of January and February this year, the total five months' losses of $148,082,000 still remain 6½% above 1941 levels, although they are already running slightly below five months' of 1940 losses of $150,563,000.

Whether this continued improvement in fire losses is a temporary phenomenon or the result of increased sabotage vigilance and fire prevention measures despite increased exposure to losses generally, is too early to say. In addition to the greater risk caused by all-out war production, the rise in insurable values would normally tend to increase losses. Taken at its face value, the downward trend in fire losses is a pleasing development, considered in conjunction with rising trend of fire premium volume. If continued, it would mean better underwriting earnings, as fire lines are the most important contributors to volume, averaging about half of total premiums written.

Another major line benefiting from lower losses is automobile business. Although continued use of worn tires and older cars would increase risk of accidents, gasoline and tire rationing has taken cars off the roads at a rate which is sharply reducing accidents—good news for the casualty companies. Fatalities, after having shown a steady increase since 1937, declined 5% in February, 11% in March and 20% in April compared with 1941.

As a result, some companies are already granting rate discounts, justified by reduced loss exposure. Continental Casualty, for example, reports a current improvement in automobile experience, reflecting the decline in accident frequency for the first time in four years. This company has accordingly liberalized the requirements for the Class A-1 discount rating for automobile liability and property damage coverage. Commencing May 1, 1942, the company will accept as a requirement for Class A-1 rating, the assured's estimate that he will not drive over 7,500 miles during the ensuing policy year. Thus, the rating will be based on prospective mileage rather than that driven in the past under different conditions.

As Best's points out, the rationing system for gasoline will make it easier to check actual mileage driven for such rating. In fact, rates based on mileage are a definite advantage to the companies rather than rates based on loss experience, because the former would automatically rise but the latter always lag behind rise in loss experience. This would be especially important in a post-war period of more normal road conditions.

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For the time being, however, inasmuch as rates are based on loss experience, the lag in reducing rates to reflect lower fatalities is operating to the benefit of the companies. This factor will further help 1942 underwriting earnings, aside from the higher "statutory" (earned) underwriting profits arising from release of unearned premiums caused by lower automobile volume.

Beyond 1942, however, gasoline and tire rationing will mean lower underwriting volume for casualty companies on automobiles, although fire and theft volume should continue on stored cars.

Ocean marine losses, too, although heavy, have been reduced by surgical operation on volume. The unprofitable war risk hull line has been left to the Government's War Shipping Administration, but the profitable war risk cargo line, on which rates can be changed every day to reflect fluctuating risk, has been continued in volume. Of course, as far as volume is concerned, it should be remembered that ocean marine volume normally has amounted to a mere 5% of total volume, and although it increased to 15% for 1941, only about half was war risk insurance.

War risk losses in the first five months of 1942 exceeded premium income for the period by $46,486,000, but these heavy losses are counterbalanced by profits of $45,032,000 which were built up over the 2½-year period June, 1939, to Dec. 31, 1941.

The companies continue to do a large business in cargo insurance, and outstanding remaining hull liability is being constantly diminished to liability on long voyages not yet completed. Accordingly, ocean marine experience from now on should reflect elimination of unprofitable hull volume and favorable experience on cargo coverage.

The above loss trends in fire, automobile and marine lines, therefore, have favorable implications for 1942 underwriting profits which should be taken into account in judging the intermediate future of insurance stocks, instead of dogmatic assumption that losses will be higher and underwriting profits lower.

SEC Adopts Rule For Registration Withdrawal

The Securities and Exchange Commission on June 9 announced the adoption of a rule under the Securities Exchange Act of 1934, designed to clarify and to make more specific the procedure for withdrawal from registration by a broker or dealer.

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Incorporated by Royal Charter 1727

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8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

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In explaining this action, the Commission said:

The new rule, designated as Rule X-15B-6, provides that a notice of withdrawal from broker or dealer registration under Section 15 (b) of the Securities Exchange Act shall ordinarily take effect on the thirtieth day after its filing with the Commission. Prior to the effective date of withdrawal, however, the Commission may institute a revocation or suspension proceeding against the broker or dealer who filed such a notice, or a proceeding to impose terms and conditions upon withdrawal, in which event the notice to withdraw shall become effective only if the Commission so determines and upon such date and upon such terms and conditions as the Commission deems appropriate.

The Commission has in the past been faced with situations in which brokers and dealers under investigation by the Commission attempted to withdraw their registration before revocation proceedings could be commenced. The new rule makes it clear that such attempts will be ineffective and provides a specific procedure for dealing with withdrawals.

Rand's Of Pittsburgh Debentures Offered

A new issue of $500,000 of 6% debentures of Rand's of Pittsburgh, retail drug chain, was placed on the market June 24 by the Floyd D. Cerf Co. and Grubbs, Scott & Co. of Pittsburgh.

Of the total issue, $350,000 is to be offered to holders of the company's preferred stock on an exchange basis of par for the preferred stock into par of debentures. The remaining $150,000 of debentures available immediately to the public is priced at par and interest.

The bankers reported that net sales of the company for the year ended on March 31 were $2,200,337, against $1,879,397 in the preceding 12 months.

The Securities Salesman's Corner

CHARLIE MADE A LONG STORY SHORT!

Some years ago in upper New York State there lived a fellow who sold a shoe-shine parlor in order to enter the securities business. Although he could only speak broken English he eventually became one of the star salesmen for a prominent investment firm that flourished in this territory for a number of years.

Charlie was of Italian extraction and the amazing part of his unusual success as a salesman was that he did business almost entirely with English speaking native Americans. In fact, Charlie usually carried his young son along with him to do the interpreting. Week after week and month after month Charlie led the sales organization. His circle of customers constantly increased and so did his volume.

At this time, the firm for whom he worked, was mostly interested in selling the bonds and debentures of small loan companies and personal finance organizations. Charlie became very much sold on the inherent soundness of this type of business and he concentrated almost exclusively on selling these securities.

Despite Charlie's constant refusal to relate to the rest of the organization the methods with which he achieved his successful results, the salesmanager continued to prod him at every sales meeting to tell the rest of the boys how he did it. But Charlie would say, "Now you know, Mr. Jonesa, I canna speaka da gooda English, why you maka me talk. All these other fella they have da educash. I canna maka da speech." But Charlie continued to lead the sales force.

Finally the salesmanager (who told us this story and is now the vice-president of a large industrial corporation) and Charlie were having lunch one day in a restaurant. As they were engaged in talking and eating a lady who turned out to be one of Charlie's customers, came over to the table and asked if she could speak to him for a moment. He arose and very graciously said that he would be pleased indeed if she would do so. She told him she thought she would like to sell the bonds that Charlie had sold to her.

Without batting an eye Charlie went to work. "You know," he said, "Itsa your money Mrs. Smith and itsa your bonds. If you wanta sellum, sokay witha me. But coulda I justa say one worda to you?" "Of course, Charlie," she replied. Charlie went on. "You know, I guessa somebody speaka to you" and with this he pulled a dollar bill out of his pocket. "You see disa dollar, Mrs. Smith? Thatsa whata you taka to da store when you getta da groceries—'s-right?" "When dissa mon' she no good, den you nc getta da groc'. Well, dissa da same as da bonds." All the while he was talking he was holding the bill in front of him and folding and unfolding it as he went on. "Dissa money she behinda da bonds, da same as da groc' and when dissa no good da bondsa no good." You see Mrs. Smith? And Mrs. Smith saw. She saw something that she had never seen before. Behind her finance company bonds was cash and the equivalent of cash and Charlie in his simple way made it clearer to her than all the involved explanations of balance sheets, assets and liabilities, ever would have shown to her.

We don't think there is a salesman who won't understand how it was that Charlie led the sales force. He didn't need good English, he had something far more valuable—HE COULD MAKE A LONG STORY SHORT.

The Bond Selector

(Continued from page 2379)

Alexandria area by the defense program. The following tabulation indicates by years the continuous trend of this growth for each of the last five years:

ELECTRIC & GAS SALES

	Electric Sales (KWH)	% Incr.	Gas Sales (MCF)	% Incr.
1941	420,631,429	24.3%	366,466	22.2%
1940	338,407,551	17.5	299,943	12.9
1939	288,050,305	16.6	265,724	2.4
1938	247,000,767	5.7	259,530	*2.1
1937	233,779,760	---	264,977	---

*Decrease.

For the calendar year ended Dec. 31, 1941, gross operating revenues totaled $12,070,000, up an even 20% over 1940. Income available for fixed charges amounted to $3,218,000, a decline of 5.9% from 1940, due mainly to more than a three-fold increase in taxes. Based on interest requirements of $975,000 for the 3¾% mortgage bonds and $525,000 for the new debentures, the amount of $3,218,000 available therefor represented coverage of 2.14 times, before provision for any amortization of debt discount and expense. For the twelve months ended March 31, 1942, income available for fixed charges was $3,224,000, or practically the same as during the 1941 calendar year.

At March 31, 1941, the balance sheet revealed gross property account carried at $55,180,000 and retirement reserves at $7,447,000, for a net figure of $48,773,000, including intangibles. Thus funded debt of $36,500,000 represents about 66% of gross property account.

The 3¾% mortgage bonds carry a sinking fund provision whereby, beginning in 1957, 1½% of the bonds outstanding that year and every year until maturity will be retired by payment of cash or by deposit of bonds. The bonds are secured by a first mortgage on substantially all properties of Virginia Public Service Company. The 5% debentures carry a sinking fund which is calculated to retire the entire issue by maturity in 1957. The sinking fund commences operation on Nov. 1, 1944, when $305,000 are to be retired; in 1945, $626,000 are to be retired and this figure increases through 1956 when the amount becomes $989,000.

The following tabulation shows pro-forma interest coverage on the new mortgage bonds and debentures during 1939, 1940 and 1941. In every case, only actual interest requirements of the new bonds and debentures has been calculated in figuring coverage of fixed charges, no provision having been made in these calculations for any amortization of debt discount and expense:

	1941	1940	1939
Operating revenues	$12,070,030	$10,024,327	$9,019,724
Operating expenses	4,517,136	3,618,016	3,306,970
Maintenance and repairs	653,318	551,622	474,948
Depreciation	1,510,025	1,225,674	1,048,453
Taxes (including Federal)	2,512,567	1,257,407	1,047,217
Income available for fixed charges	3,218,216	3,402,644	3,191,828
Interest—pro-forma	1,500,000	1,500,000	1,500,000
*Times interest earned	2.14	2.26	2.12

*Pro-forma, based on $975,000 for the 3¾s and $525,000 for the 5% debentures.

In view of the growing nature of the company's territory, the lack of rate troubles and the stability of earnings in the face of sharply higher taxes, the longer term outlook for the company is good. Current prices for the mortgage bonds and debentures offer opportunities of liberal yield and possible price appreciation.

Petroleum Vital To War

Walter F. Tellier, of Tellier & Co., pointing out that producing oil royalties were even a better buy now that at any time heretofore, called attention to an article written recently by W. R. Boyd, Jr., President, American Petroleum Institute:

"Our country is engaged in a war, the loss of which means the destruction of our existence as a nation of free people.

"It is a war where the weapons are machinery and mechanical power. With petroleum products no tank could go into battle, no fighting airplane would leave the ground and but few modern fighting ships could leave port.

100 Octane Gas Needed

"One hundred octane gasoline must be made in ever-increasing quantities that our airplanes may be supplied with fuel superior to any possessed in quantity by the enemy. Large quantities of high octane gasoline, higher than ever before used in peacetime industries and operations, must be made available for training planes and tanks.

"Super-quality lubricating oils and greases that will stand up under terrific speed requirements must be made available in quantities never before believed possible so that our fighting equipment will not fail because of improved lubrication.

"The additional quantities of toluene required for explosives must be made from petroleum products. Butadiene and stryene, both petroleum products, are the raw materials that must be made available if an extensive program of manufacturing synthetic rubber is to be undertaken.

Unlimited Supply

"The petroleum industry is in position to supply an almost unlimited amount of all the essential raw materials necessary to fuel and lubricate for the most efficient service of our vast war machinery and for making synthetic rubber both for military and civilian needs.

"The chief problem is getting new plants constructed within the shortest possible time for quantity production of these products, for which there was no demand and therefore little production in peacetime.

"At the end of World War I, the Britisher, Lord Curzon, declared that the Allies floated to victory on a sea of oil. The petroleum industry in the United States realizes and wholeheartedly accepts its responsibilty for the production of all the raw materials and finished products required of it by the Government, and it will do the job.

Geared For War Activities

"The American Petroleum Institute of which I am President is gearing its organization for war activities. The petroleum industry war council, of which I am Chairman, is cooperating on behalf of the industry with the petroleum coordinator for national defense and with all Government agencies concerned with problems of petroleum and petroleum products.

"The public should be told and must realize that oil is ammunition and that it should be used wisely. To aid in winning the war as quickly and decisively as possible transcends all other purposes and objectives of the oil industry which is now operating in complete unity and purpose."

C. Sheild To Be Partner In Branch, Cabell & Co.

RICHMOND, VA.—Cary Stewart Sheild will become a partner in Branch, Cabell & Co., 814 East Main Street, members of the New York and Richmond Stock Exchanges, as of July 1. Mr. Sheild has been with Branch, Cabell & Co. for a number of years.

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Investment Trusts

INVESTMENT COMPANY FORUM

(The wide range and stimulating nature of investment company comments which have come to hand this week prompted the following attempt to "highlight" in excerpt form some of the points made. It is suggested that readers who desire the full text of a particular discussion write direct to the issuing sponsor for a copy of the publication quoted.)

"Brevits" June 13 (Massachusetts Distributors, Inc., 85 Devonshire Street, Boston): "The stock market now stands at about the same level as six months ago. During this time the news has been preponderantly 'bad.' This suggests that the price level prevailing at the end of last year had largely discounted the early military and naval reverses as well as higher taxes, war economy, controls, etc.

"Looking ahead to the next six months one recognizes that anything can happen, but with the worst of the tax possibilities known and with the initial war reverses behind us, the prospects are more hopeful than for some time past."

* * *

"Perspective" June 16 (Calvin Bullock, 1 Wall Street, New York): Contains a scholarly discussion of "Banking Position and the Bond Market." Not entirely satisfied with existing high-grade bond price indices, a special chart tracing the course of high-grade bond prices from Jan. 1, 1914 up to the present is included in order to provide background for the article. Points: "It appears likely that the commercial banks will be called upon to absorb approximately thirty billion dollars or more than 60% of the increase in the national debt in the next year, unless direct sales are made by the Treasury to the Federal Reserve banks in a volume larger than is now anticipated. . . . If we assume that the member banks of the Federal Reserve System will take about 90% of the entire amount . . . we may estimate an increase in the government bond holdings of the member banks in the next fiscal year of about twenty-seven billion dollars. This would considerably more than double their present holdings of these bonds." Conclusion: "In view of the prospective sharp contraction in excess reserves and the probable substantial reduction in bank capital ratios, a policy of extreme caution with respect to bond maturities is suggested for the commercial banks at this juncture.

"Moreover, in the formulation of current investment policy we must not ignore the explosive inflationary potential implicit in the prospective great increase in purchasing power that will be created by the monetization of huge government deficits."

* * *

"Investment Timing" June 18 (National Securities & Research Corp., 120 Broadway, New York): Under the general heading "Full Impact of the War Economy Yet to Be Felt," five phases of what may lie ahead are discussed. Conclusion: "The phase of adjustment to war production has been mainly completed. At present, in the distributive trades, we are in the phase of using up inventories. Only when this last is over, will the full war economy be with us (unless the war ends unexpectedly soon).

"Ample consideration has been given marketwise to the fact that the wartime earnings of war production and 'war beneficiary' industries do not deserve the reflection in prices that normal earnings do. Emphasis has been given to post-war prospects, which are, for the most part, still rather vague.

"But we question whether, on a relative price basis, as much consideration has been given to the unfavorable or restrictive effects of the coming full war economy on the earnings of 'non-war' companies. The recent relatively greater rebounds in prices of so-called 'peace' stocks, which in the main are naturally in the 'non-war' class, makes such considerations especially pertinent now for investors. Indeed, in the last few days, 'war' stocks, stimulated by favorable tax implications, have begun to act definitely better."

* * *

"The New York Letter" June 15 (Hugh W. Long & Co., Inc., 15 Exchange Place, Jersey City): "In attempting a few thoughts on the prospects of railroad securities under peacetime conditions, we would like to go on record as believing that such a discussion is not of immediate or even early application. Nevertheless, it may be appropriate at this time, since the country has recently been experiencing a wave of 'early peace' psychology of which we had several examples in World War I and will probably have several more in this one." Points: "*Competition*—The share of potential freight carried by the roads declined until 1937. Since that time the rails have maintained their competitive position. With buses and trucks now under ICC regulation, the era of irresponsible competition seems to be over. *Financial*

(Continued on page 2388)

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Municipal News & Notes

Despite the depressive effect on the municipal market of the adverse war news, local housing authority issues continued to find favor. Three authorities awarded Tuesday a total of $2,951,000 Series A bonds at good prices. They consisted of $2,267,000 New Haven, Conn., $498,000 Seattle, Wash., and $185,000 Alexander Co., Ill., housing bonds; all of them going at net interest cost bases less than 2%.

While on the subject of housing obligations, the following interesting observations are taken from this week's "Municipal News Bulletin," gotten out by Hemphill, Noyes & Co. of New York:

At the moment, many municipal dealers would as soon buy housing bonds as anything else. Interest in them, on their merits, has increased steadily as investors have read in the description of each successive issue, the statements that "All bonds of both series will be secured (1) by a pledge of the annual contributions, etc., etc.," and that, "The Act states that the faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to the Act and that there is authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments." During the past five months, in which the question of whether tax exemption can be removed from municipal bonds has occupied the attention of both buyers and sellers, many investors have turned to housing bonds for the first time, feeling that their exemption was safer because specified by Federal statute. The housing bonds suit institutional buyers very well because the larger issues offer substantial blocks in a series of maturities, running in some cases as far as 1979. Those distant years will, of course, be the most valuable, if municipals should ever be taxed and housing issues remain exempt.

In addition to the features provided by the Federal Housing Act, and therefore common to all housing bonds, a number of States, in their authorizing legislation, have added special local attractions such as tax exemption and eligibility for purchase by savings banks and trust funds in the home State.

This week's Housing Authority bonds come to a market which is not well supplied with issues of their type. A fair amount of the recent issue of Buffalo Housing bonds still remains unsold but that is the only open housing account. Among old inventories, dealers are advertising today about $1,200,000 other housing bonds, mostly odd lots in widely scattered maturities. Even if the new issues should be offered to yield quite a little less than the old blocks, they will make a stronger appeal to large buyers who want even amounts in a string of maturities. The Housing Authority issues will set the tone of this week's market.

Public Revenue Bonds As Trustee Investments

An important service has been rendered the financial community by the Municipal Forum of New York. That group of bond men, institutional portfolio managers, statisticians and bond lawyers, acting first through a special committee and later as an open forum, has made a study of "Revenue Bonds as Legal Investments For Savings Banks and Trust Funds." The special committee report, developed over a period of two years, has just been approved by the Board of Governors.

The committee recommendation was favorable to the investment of trustee funds in public revenue bonds issued in connection with waterworks, gas and electric systems, of which it is estimated some $600,000,000 have been issued. Having reached the conclusion that such investments might be suitable for savings banks and trust funds, the committee tackled the task of setting up models for statutes for the purpose of fixing the tests which should be applied in measuring the investment worth of a particular bond. It is in the committee's study of various criteria and the drafting of models for statutes embodying the essential requirements of security that a service of great value to savings banks, trustees, other institutional investors, investment bankers and the lawmakers and fiscal officers of the States has been rendered.

Upon request to Cushman McGee, of R. W. Pressprich & Co., acting chairman of the committee, copies of the proposed models will be made available to others interested as long as the supply lasts.

In addition to Mr. McGee, members of the committee are: Elmo P. Brown, U. S. Trust Co.; Walter L. Cropley, of the Prudential Insurance Company of America; John B. Dawson, of Thomson, Wood & Hoffman, A. Baisley Sheridan, of Masslich & Mitchell, and Byron W. Shimp, of B. J. Van Ingen & Co., Inc.

Municipal Problems In Wartime

We must win the war and the right of way must be yielded to the national government in all matters necessary to accomplish that objective. But our immersion in that objective and in our individual problems of adjustment to a wartime economy should not be so complete as to cause us to ignore the problems of local governments. Cities and towns must continue to educate our youth, to protect persons and property, to carry out health and sanitation measures, and to care for the underprivileged. Cities and towns must also continue to raise the money with which to finance these and other services. The difficulties of performing these duties are increased many-fold in wartime, and in addition local officials must assume new duties arising from the emergency.—*Boston Municipal Letter.*

Bridge and Tunnel Tolls Again Lower

Revenues of the larger bridge and tunnel projects which have issued bonds payable from motor tolls showed further decline in May, a compilation of the available reports shows. The year-to-year decline in May revenues of three major issuers of this type of revenue bond ranged from 8 to 31%.

The Port of New York Authority's May revenues declined to $1,270,496 from $1,499,310 a year earlier, a decrease of 15.3%, according to preliminary figures. Traffic declined to 2,238,147 units from 2,694,288, a decrease of 16.9%.

The Triborough Bridge Authority reported $437,379 revenues for May, a reduction of 31.05% from $634,364 for the 1941 month. Traffic declined to 2,378,924 units from 3,585,938, a decrease of 33.66%.

Revenues of the Golden Gate Bridge totaled $196,591 in May, compared with $213,754 a year earlier, a decrease of 8.03%. Exclusive of government traffic, which has free use of the bridge, traffic declined to 378,775 units from 413,692.

Coordinating Tax Structure Commission Proposed

A joint resolution to create a commission on tax integration, to study and coordinate the tax structure of the State and Federal Governments, was introduced in Congress recently and referred to the House Rules Committee. Fourteen members are proposed; two to be appointed by the Senate President, two Representatives by the Speaker of the House, and 10 members by the President.

N. Y. State Revised Local Finance Law Explained

The New York State Local Finance Commission at the 1943 session of the Legislature will endeavor to remove any imperfections in the Local Finance Law enacted in 1942 and all existing laws in conflict with its provisions will be discarded. The said Commission will also prepare for consideration by the 1943 Legislature a uniform budget measure for all New York State local subdivisions. These assertions were made recently by Assemblyman Abbot Low Moffat, speaking before the Municipal Forum of New York.

He gave a resume of the facts and events which brought about the adoption by the State Legislature this year of the new chapter of the consolidated laws entitled "Local Finance Law."

"A commission was created in the summer of 1939 for the purpose of revising and codifying the laws relating to municipal finance, and for a year its task consisted merely of collecting these laws," he explained.

"We early reached three determinations: first, that we should try to bring ultimately all local financial provisions of law into one comprehensive chapter of the consolidated laws; second, that we should concentrate in the first instance on municipal borrowing; and third, that we should not try to rush through any new enactment, but should seek widespread understanding of our objectives, have the benefit of the experience of officials charged with the actual administratioin of municipal finance and secure their cooperation in placing on the statute books a law of this nature.

"Accordingly," he continued, "during the summer of 1940 and winter of 1941, there was drafted, revised, re-drafted and re-revised, a proposed article of the proposed local finance law relating to the subject of municipal borrowing. That bill was introduced on the last day of the 1941 session and, when printed, was distributed to municipal officials throughout the State for their comments, suggestions and criticisms. These were both gratifying and illuminating. We found almost unanimous and wholehearted approval from every type of governmental unit in this State of the basic policy adopted by the commission of bringing these laws together into one compact statute. We were also gratified to receive widespread approval of the draft which had been prepared and general agreement on those criticisms and suggestions which were offered.

"After studying these comments and criticisms, the commission adopted many of them and the bill was revised accordingly and introduced at the commencement of the last session.

"The bill," Mr. Moffat pointed out, "was passed and it will be the law of this State commencing July 1, 1943, a year hence. But it is our intention to prepare and submit to the coming session of the Legislature, so that it can be enacted next winter and become law at the same time as the local finance law, a table of express repeals and an omnibus bill of amendments to those sections of general, special or local laws which are not repealed but which must be amended so as to conform to the new act."

N. Y. State Expects Large Cash Surplus

New York State expects to be about $135,000,000 better off next Tuesday than it was when Governor Lehman took office on Jan. 1, 1933.

The Governor, who succeeded President Roosevelt as the State's Chief Executive, inherited a treasury deficit of $100,000,000. On June 30, the end of this fiscal year, he will be able to report that the State has a surplus of approximtely $35,000,000.

This surplus, many millions of dollars more than the most optimistic estimates, has been attained in the face of a 25% slash in State income taxes and reduced revenue from gasoline taxes, due to tire and gasoline rationing.

N. J. Constitutional Revision Deferred

New Jersey's proposed new constitution will not be submitted to the voters before the November, 1943, general election and cannot become operative until after Governor Edison's term expires.

Plans for a referendum at the September primaries on submission of a new constitution at the 1942 general election have been abandoned. Instead, a special eight-member commission was created, with a $10,000 appropriation to conduct public hearings in the hope of enlisting support by the 1943 election.

State officials declared the deferment was a move to permit full public analysis of the new basic law proposed by the Constitution Revision Commission and was not designed to bury it.

Oklahoma Local Bond Issue Ruling

Attorney General Mac Q. Williamson ruled recently that the governing board of a city in Oklahoma is not required to issue the full amount of bonds authorized at an election, should a lesser amount fulfill the purpose. This opinion was given at the request of the City Attorney of Durant, the voters of which city had approved $150,000 airport bonds only to find subsequently that only half the total would be needed to secure Federal aid.

The State's Attorney General observed in his opinion that it was hitherto the practice of local units to follow the law which required that an issue in the full amount be sold. He said that a "fairly recent legislative act has changed the law and now authorizes sale of bonds in any amount which the governing board deems proper."

Florida Goes Urban

Florida's population increased four times as rapidly as that of the rest of the Nation between 1930 and 1940. This was no surprise, declared Dr. John M. Maclachlan of the University of Florida, who states in a recent study that Florida has exceeded the national rate of growth in every census period for a hundred years. "Further, the Florida rate of growth (29.2%) was the highest of any State, and was in sharp contrast, as well, to the rates of increase found in the other Southern States. This also is a difference which has persisted for many years.

Two-thirds of the increase in Floridian population, Dr. Maclachlan notes, "has been located in towns and cities. Metropolitan districts are coming to be recognized as increasingly important . . . in the sense in which cities, as municipalities with definite city limits, are decreasing in significance."

This trend toward metropolitan concentration is not, of course, peculiar to Florida. It is general. It is an inexorable force, it seems, and already it has confronted municipal officials with their most difficult and far-reaching problems. It is not a matter of whether we like the trend; rather, it is for us to adjust ourselves to it, and direct it as much as possible.

Arkansas Surveys War Impact on State Revenue Sources

Dr. George Vaughan of Little Rock, consultant for the Arkansas Advisory Tax Study Commission, appointed by Governor Adkins in February to investigate the effects of "all-out" war activities on economic factors throughout the country, with especial reference to its impact upon State and local budgets has sent us a copy of Release No. 3 of the Commission, entitled: "A Conspectus of Failing Finances."

We quote in part as follows from Dr. Vaughan's letter on this latest document:

"The inquiry, it is hoped, will culminate in the collection of factual information well calculated to be of real service to today's tax administrators as well as to the Arkansas Legislature which is to meet in regular session in January next.

"It may interest you to learn that up to this date Arkansas' finances are holding up well. Collections of the Revenue Department for the month of May, 1942, were the highest in history. But that fact alone has, of course, only temporary significance, since one must deduce from the various answers comprising the enclosed compilation, a nation-wide consensus of opinion, that drastic depletion of present sources of State revenues is inevitable.

"So well, however, has Arkansas safe-guarded her immediate and prospective resources, and protected her debt service program, that all of her highway obligations (comprising 93% of her total funded debt) can be promptly met both as to principal and interest for eight years longer, or up to April 1, 1950—even though present taxation income should be cut in half."

Chicago's Local Units Gain Borrowing Margins

With the City of Chicago showing a margin of borrowing power of $5,800,000 at the close of 1941, contrasted with none at the end of 1940, all six local governments have margins for the first time in several years, the Civic Federation points out in a study which comments favorably on the debt trends of these taxing bodies.

During 1941 the margin of the Chicago Park District increased by over $3,100,000, the Federation reported, adding that the district is also well within its 1½% statutory limit on its own new bonds.

The other units showed declines as follows: Cook County, $1,300,000; Sanitary District, $1,400,000; Forest Preserve District, $1,800,000, and Board of Education, $571,000.

Redemptions, the sale of new issues and a lower valuation base in 1941 all enter the picture relative to changed margins of borrowing power, it was noted. The debt-incurring capacity of taxing entities, the Federation explained, is limited by the Illinois constitution. The Chicago park district has a 1½% statutory limitation on its own new bonds "exclusive of outstanding indebtedness of superseded districts and on the amount of bonds heretofore authorized by or on behalf of any superseded district or districts." The Forest Preserve District has a 1% statutory debt limit.

Alberta Refunding Discussion Fruitless

Alberta debt talk failure came as no surprise to investment circles aware of the big political angle involved in the negotiations. The bondholders' committee suggested a 4% refunding plan to Alberta. The province has never been able to borrow long-term funds at such a favorable rate. The plan would have put the privince in a position where it would have not to worry about refunding maturities.

The 3½% rate asked by Alberta would have meant upsetting the financial balance with other provinces with possible further political repercussions.

British Columbia Offering Well Received

Efforts of the Administration of British Columbia, particularly those of John Hart, present Premier, toward improving the finances of the Province found their reward in the low interest rate and public reception afforded the recent offering of $15,700,000 serial debentures. The average cost of this money to the Province of 3.75% was the lowest in history and the entire issue was taken up within twenty-four hours of the opening of the books. The purpose of the loan was to refund the $20,160,000 issue of P. G. E. Railway stock and debentures guaranteed by the Province, a portion of which amount was paid off from accumulating sinking fund established for that purpose.

Mass. Municipal Statistics Compiled

Tyler & Co., Inc., Boston, are distributing the 34th edition of their booklet giving up-to-date financial statistics of the Commonwealth of Massachusetts, its counties, cities, towns and districts. The statistics show population, assessed valuation, gross and net debt, net debt ratio and per capita, tax levy, tax collections, tax titles, and a comparison of tax rates.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

June 29

$600,000 Clinton Co., N. Y.

In March, 1940, the county awarded bonds to the First National Bank of Chicago. Second best was a joint bid entered by B. J. Van Ingen & Co., and E. H. Rollins & Sons, both of New York.

$500,000 San Francisco, Calif.

Last sale took place in June, 1940, the award going to a syndicate headed by the Harris Trust & Savings Bank of Chicago. Second best bid was entered by Schwabacher & Co. of San Francisco.

July 7

$1,279,500 Toledo, Ohio

On May 19 a syndicate headed by Stranahan, Harris & Co., Inc. of Toledo, was successful bidder. Runner-up for the issue was Halsey, Stuart & Co., Inc. of Chicago

July 8

$2,800,000 Cleveland, Ohio

In March this city awarded bonds to a syndicate headed by the Northern Trust Co. of Chicago, which account nosed out Blyth & Co., Inc., and associates.

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AMERICAN CAR AND FOUNDRY COMPANY

FORTY-THIRD ANNUAL REPORT—YEAR ENDED APRIL 30, 1942

TO THE STOCKHOLDERS:

It is with satisfaction that your Management submits the annexed Consolidated Balance Sheet, Income Account and Statement of Earned Surplus prepared and certified, as usual, by independent auditors and accompanied by their Certificate of Audit, showing the results of the operations of your Company and its wholly-owned subsidiaries for the fiscal year ended April 30, 1942 and their condition at the close of that period.

At the time of the submission of the last preceding annual report of your Company, that for the fiscal year ended April 30, 1941, our country was not at war, but was preparing itself for that eventuality—and your Company was a factor of prime importance in the then programme of preparedness for the national defense. Since then the inevitable has happened. War has come to us, through no wish of ours but as a necessity forced upon us and to be fought to a victorious conclusion for the preservation, to ourselves and our posterity, of our ideals of life and government. And for the waging of this war your Company has pledged to our Government its every effort and has placed unreservedly at its disposal its entire resources. That pledge was not lightly made. It was given with a full realization of all its implications—and it will be kept.

The magnitude and importance of your Company's contribution, already made and now in the making, to the war effort of our country finds some reflection in the figures of the annexed statements. And of particular significance in this regard is the notation with respect to our Property and Plant Account on the asset side of the submitted Balance Sheet, showing that that item includes a sum in excess of Eleven Million Dollars representing expenditures made by your Company, out of its own resources and for its own account, in providing the additional facilities so sorely needed for the production of materials of warfare of the kind, in the quantities and at the times imperatively demanded by the exigencies of the national need.

Governmental policy wisely forbids making public detailed information concerning your Company's activities in the line of war work, but it is not considered to be in violation of that policy briefly to refer to its outstanding achievements in the mass production of the light combat military tanks which have made such an enviable reputation for themselves on the battle-fields of Africa and elsewhere abroad, in the production of armor plate, in the manufacture of shells, bombs and fuzes, and in its work for the Navy which has already brought to us the "Navy E" for excellence in production—to say nothing of the vast quantity of articles of a miscellaneous kind needed and produced as contributory to the main effort. And all this while still conducting its ordinary peacetime operations and maintaining its position as a leading manufacturer of railroad equipment and supplies.

By the letter of May 22, 1942 the stockholders were informed that the net sales billed for the fiscal year ended April 30, 1942 aggregated more than Two Hundred Fifteen Million Dollars and that your Company and its wholly-owned subsidiaries entered upon the fiscal year now current with a back-log of business on the books having a money value of more than Four Hundred Million Dollars. The actual money value of sales billed during the year (as shown by the annexed Statement of Consolidated Income Account) was $216,336,567.70, and the money value of the back-log of business carried over into the new year is $424,810,772.22—a substantial proportion of both these items flowing from your Company's normal, as distinguished from its war-time, activities.

As will be seen from the annexed Consolidated Income Account the year's operations resulted in a net profit carried to surplus of more than Nine Million Dollars—this after all charges, including reserves, depreciation, the amortization of the cost of the increased facilities acquired and installed to enable your Company to play its part in the war effort of our country, and an estimated amount of more than Thirty-eight Million Dollars to cover the charges against the year's earnings for Federal normal income and excess profits taxes.

The year's close finds your Company in excellent condition, financially and otherwise—with no funded debt and no bank loans outstanding. The uncertain factor is as to what of the profit resulting from the year's operations will ultimately be available for distribution by way of dividends—and that question cannot be answered until there is definitely determined the effect of recent legislation bearing on the subject of corporate profits. Shortly before the close of the year, Congress enacted legislation authorizing the appropriate Governmental departments to "re-negotiate" contracts having to do, generally, with the country's war programme—the avowed purpose of such "re-negotiation" being the recovery to the Government of "excessive" profits resulting from any such contract, without, however, any definement of what constitutes an "excessive," as distinguished from a fair and reasonable, profit. It is possible that under this legislation one or more of the contracts undertaken by your Company will come under review, and until such review is had the "uncertain factor" will persist—but your Management has no thought that your Company and its stockholders will be deprived of the benefit, by way of profit, to which they are fairly entitled by reason of the foresight, effort and energy shown in meeting the country's demands, the promptness and efficiency with which those demands have been met without calling upon our Government for financial aid in so doing, and the low cost at which that efficiency and the economy of your Company's operations have enabled it to supply the needed product.

The stockholders have been kept advised with respect to the litigation based on the claim of one of the holders of our non-cumulative preferred shares, that there were earnings for the years 1936 and 1938, respectively, which had not been declared as dividends for those years to the holders of such stock—as an incident to which litigation your Company has been enjoined from paying to the holders of our common shares the dividend thereon which, by the terms of its declaration, was made payable October 1 last to the holders of such shares of record on September 24, 1941. The questions involved in that litigation are now before the Court of Errors and Appeals of New Jersey for final and definitive adjudication—those questions affecting not only the dividend rights of both classes of your Company's stock, the common as well as the preferred, but concomitantly the obligations of your Company to the holders of both such classes. The stockholders will be advised promptly of the action of the Court on the questions now before it for adjudication, which it is hoped and expected will not only clear the way for the payment of the dividend on our common shares now enjoined but will also clear the way for further dividend action.

During the year there was made effective a plan of group insurance available to all the members of your Company's organization. Such plan has been very favorably received, more than 90% of the employees of your Company having availed themselves of its benefits.

It will be noted from the annexed statements that the indebtedness of Ten Million Dollars to banks with which your Company entered upon the year just closed has been entirely liquidated. As usual, the inventories have been taken at cost or less and not in excess of market prices, were all verified at or near the close of the year under the supervision of responsible employees of your Company and have been conservatively valued—and while the amount, Thirty-seven Million Dollars, is larger than for a number of years past it is quite in line with the vast volume of business booked. The item of Advances on Government Contracts appearing upon the liability side of the submitted Balance Sheet is a self-liquidating item, representing advances made by the Government to cover, in part, the cost of materials entering into the product in course of manufacture and to be repaid by proportionate deductions from invoices for the completed product as delivered.

The figures shown on the submitted statements mean that your Company is handling a volume of business much greater than at any previous time in its history. It has undertaken no work it is not competent efficiently to perform. Because of its diversification and the heightened demand upon our productive capacity, the enormous volume of business undertaken and handled has necessarily required a considerable increase in the personnel employed—but your organization has proven itself entirely capable of solving the many and complex problems involved without the necessity of calling in outside aid.

For what they have done and are doing in helping to make certain the victorious end of the terrific war in which our country is now engaged, the members of your organization, each and every one of them, are entitled to praise in unstinted measure. Your Management is proud of their loyalty and devotion to the interest of your Company and its stockholders and the support they give to our Government in its determination to save for us and our children the blessings of our American way of life—and is glad to make of record its sincere appreciation of what they have done in producing the results of the year's operations now submitted.

For the Board of Directors:

Respectfully submitted,

CHARLES J. HARDY, *President.*

June 17, 1942.

CONSOLIDATED BALANCE SHEET APRIL 30, 1942

ASSETS

*PLANT AND PROPERTY ACCOUNT			$ 69,340,356.28
Land and Improvements		$ 7,595,833.94	
Buildings, Machinery and Equipment	$76,918,154.26		
Less: Amortization and Reserve for Depreciation	34,221,851.14	42,696,303.12	
Intangibles		19,048,219.22	
CURRENT ASSETS			95,923,736.38
Cash in banks and on hand		$15,929,374.85	
U. S. Government Bonds, Treasury Bills and Treasury Tax Notes at cost. (Quoted market value $12,577,407.61)		12,575,747.92	
Accounts Receivable, less reserve		25,684,581.53	
†Notes Receivable, less reserve		3,080,187.75	
Materials, inventoried at cost or less, and not in excess of present market prices		37,353,797.87	
Advance payments to Vendors for materials contracted for		268,314.36	
Marketable Securities, at cost or less (Quoted market value $1,043,869.51)		1,031,732.10	
SPECIAL RESTRICTED DEPOSITS (U. S. GOVERNMENT CONTRACTS)			22,925,154.23
PREPAID TAXES, INSURANCE, ETC.			237,332.65
MISCELLANEOUS SECURITIES, less reserve			169,686.75
SECURITIES OF AFFILIATED COMPANIES, less reserve			94,432.00
NOTES AND ACCOUNTS RECEIVABLE OF AFFILIATED COMPANIES, less reserve			2,950,820.48
TREASURY STOCK AT COST			533,399.75
10,550 shares of Preferred Capital Stock			
600 shares of Common Capital Stock			
			$192,174,918.52

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*Plant and Property of parent Company included in above valuations were inventoried and valued by Coverdale & Colpitts, Consulting Engineers, as of April 30, 1939, on the basis of values at March 1, 1913, with subsequent additions at cost. Plant and Property of Subsidiary Companies are included at cost. Plant and Property includes $11,143,767.33 represented by expenditures for extension of plant facilities under the National Defense and War Programs; aggregate amortization thereon has been taken in the amount of $4,012,044.32 to April 30, 1942.

†Includes $2,445,635.68 maturing subsequent to one year.

LIABILITIES

CAPITAL STOCK		
Preferred, authorized and outstanding (300,000 shares—par value $100.00 per share)		$ 30,000,000.00
Common, authorized and outstanding (600,000 shares—no par value)		30,000,000.00
CURRENT LIABILITIES		56,553,483.68
Accounts Payable and Pay Rolls	$14,216,681.22	
Provision for Federal, State and Local Taxes	40,391,387.25	
Advance payments received on sales contracts	1,346,015.21	
Dividend on Common Capital Stock (See Note 1)	599,400.00	
ADVANCES ON GOVERNMENT CONTRACTS		31,663,465.37
RESERVE ACCOUNTS		10,567,097.88
For Insurance	$ 1,500,000.00	
For Dividends on Common Capital Stock, to be paid when and as declared by Board of Directors	2,533,944.74	
For Contingencies, including possible tax and other adjustments	6,533,153.14	
EARNED SURPLUS ACCOUNT		33,390,871.59
		$192,174,918.52

NOTE 1: Declared to be payable October 1, 1941 but payment of which has been enjoined by Court order in litigation still pending.

Contingent Liabilities:
Secured notes purchased by American Car and Foundry Securities Corporation, a wholly-owned subsidiary, and by it resold under agreement to repurchase in event of default, and secured obligation of Shippers' Car Line Corporation sold with guarantee; aggregate amount $797,753.36.

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Consolidated Earned Surplus, April 30, 1941			$27,031,822.97
Add: Net Earnings for year			9,275,376.62
			$36,307,199.59
Less: Dividends on Preferred Capital Stock, $9.04 per share, paid during year (See Note 1)		$2,712,000.00	
Dividend on Common Capital Stock, $1.00 per share (See Note 1 on Balance Sheet)		600,000.00	
		$3,312,000.00	
Deduct—Dividends on Preferred Capital Stock held in Treasury	$95,372.00		
Dividend on Common Capital Stock held in Treasury	600.00	95,972.00	
		$3,216,028.00	
Deduct—Common Stock Dividend charged to Reserve available for that purpose		299,700.00	2,916,328.00
Consolidated Earned Surplus, April 30, 1942			$33,390,871.59

NOTE 1: Dividends on Preferred Capital Stock paid during the year:
$3.50 per share out of the earnings for the year ended April 30, 1942;
$5.25 per share out of the earnings for the year ended April 30, 1941—this completing the payment of the full 7% dividend for that year; and additionally
$ .29 per share "carry-over" from earnings of fiscal years ended April 30, 1937 and April 30, 1938.

STATEMENT OF CONSOLIDATED INCOME ACCOUNT

Gross Sales, less discounts and allowances		$216,336,567.70
Cost of goods sold, including Administrative, Selling and General Expense, but before Depreciation and Amortization		158,138,623.59
		$ 58,197,944.11
Depreciation and Amortization		5,133,542.73
Earnings from operations		$ 53,064,401.38
Other Income:		
Dividends	$ 20,997.32	
Interest	1,025,253.58	
Royalties	77,899.01	
Miscellaneous	107,205.88	1,231,355.79
		$ 54,295,757.17
Other Charges:		
Interest	$ 165,701.79	
Royalties	302,432.82	
Miscellaneous	92,022.51	
Loss on Property Retirements	452,661.41	1,012,818.53
Net Earnings before provision for (estimated) Federal Income Taxes, Contingencies and Adjustments		$ 53,282,938.64
Deduct—Provision for (estimated) Federal Income and Excess Profits Taxes:		
Normal income tax	$ 9,193,696.67	
Excess profits tax	29,313,865.35	38,507,562.02
Net Earnings for year before Provision for Contingencies, including possible tax and other adjustments		$ 14,775,376.62
Deduct—Provision for Contingencies, including possible tax and other adjustments		5,500,000.00
Net Earnings Carried to Surplus		$ 9,275,376.62

ERNEST W. BELL AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
25 Beaver Street, New York

TO THE DIRECTORS,
AMERICAN CAR AND FOUNDRY COMPANY, 30 CHURCH STREET,
NEW YORK CITY.

We have examined the Consolidated Balance Sheet of the American Car and Foundry Company and its wholly-owned subsidiaries as of April 30, 1942, and the Consolidated Statements of Income and Surplus for the fiscal year then ended, have reviewed the systems of internal control and the accounting procedures of the companies, and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion the accompanying Balance Sheet and related Statements of Income and Surplus present fairly the consolidated position of the American Car and Foundry Company and its wholly-owned subsidiaries at April 30, 1942, and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,
ERNEST W. BELL AND COMPANY
New York, June 15, 1942.

ABA Cancels Plans For Its Convention

Members of the American Bankers Association throughout the country were notified on June 24 that the annual convention of the Association, scheduled this year for Sept. 27-30 in Detroit, has been canceled in recognition of the growing wartime transportation needs of the Nation. In a letter addressed to ABA members, Henry W. Koeneke, President of the Association, stated that the Administrative Committee of the Association "voted unanimously to cancel plans for the convention." Mr. Koeneke said "this action is in harmony with the request of Joseph B. Eastman, Director of the Office of Defense Transportation, who has urged that all organizations with large memberships cancel or skeletonize their conventions in order that uninterrupted movements of troops and supplies may be assured. Since the Constitution and By-Laws of the American Bankers Association make no provision for a skeleton or restricted form of convention, such a meeting is neither possible nor desirable."

Mr. Koeneke's letter revealed that provision was made for such emergency by the Association's Executive Council. "Authority for such action was vested in the Administrative Committee by the Executive Council of the Association at its annual spring meeting at French Lick, Ind., last April," he said.

The Administrative Committee is the body to which the administration of the affairs of the Association are committed during those periods between conventions of the membership and meetings of the Executive Council. It consists of the officers of the Association, its three immediate past presidents, the heads of its several divisions, and four other bankers appointed on the basis of geographical representation.

War Damage Insurance

Federal insurance of property against loss or damage resulting from enemy attacks goes into effect on July 1.

The War Damage Corp., a subsidiary of the Reconstruction Finance Corp., was given $1,000,000,000 by Congress to provide the insurance, which since last December has been free as to all property. The rules and rates governing the operations of the WDC were issued on June 17. The WDC will have as its fiduciary agents the fire insurance companies which will write protection policies against enemy action.

The regulations were given in the "Wall Street Journal" of June 19 as follows:

"1. Only one policy shall be permitted to be insured on any one property.

"2. Only one policy is permitted to the insured for properties at fixed locations and vehicles when specified; property in transit; builders' risks on hulls; cargo stored afloat; hulls; growing crops and orchards.

"3. Insurance on craft or cargo must be confined to operations within the limits of harbors or other inland waters of the United States, the Great Lakes and harbors or other inland waters of the Canal Zone, Puerto Rico, Virgin Islands, Alaska and Hawaii.

"4. Vessels covered include those used altogether for storage, housing, manufacturing or generating power; pleasure craft while and only while laid up afloat or ashore; vessels under construction until delivery by builder or sailing on delivery or trial trip, whichever is first.

"5. Rates are to be determined according to the construction classification and co-insurance requirements to be set forth later.

"6. Net premium is defined as 'the gross premium less the producer's service fee and the fiduciary agent's expense reimbursement, subject to the maximum allowance provided in the agent's agreement.'

"7. Producer's service fee shall be limited to 5% of the premium. The minimum fee is $1 per policy, and the maximum is $1,000 per policy. The service fee is not deductible from remittances which accompany the application.

"8. The minimum premium is $3 per policy.

"9. Companies which may be designated as fiduciary agents include any capital stock insurance company, mutual insurance company or reciprocal exchange."

Appointment of the officers of the WDC was noted in these columns of June 11, page 2213.

NY Bond Club Elects A. Gordon President

Albert H. Gordon, of Kidder, Peabody & Co., was elected President of the Bond Club of New York at its annual meeting. He succeeds J. Taylor Foster, of Spencer Trask & Co.

The new President of the Bond Club has been active in investment banking since his graduation from Harvard in 1925, and has been a partner of Kidder, Peabody & Co. for the past 11 years. He is a governor of the New York Stock Exchange and has also served as a governor of the Investment Bankers Association of America.

Richard de La Chapelle, of Shields & Co., was elected Vice-President of the Club filling the post held by Mr. Gordon during the past year. Other officers elected were Ferris S. Moulton, of R. H. Moulton & Company, Secretary, and Henry G. Riter III, of Riter & Co., Treasurer.

Three members were elected to the Board of Governors for three-year terms. They are: Joseph A. W. Iglehart of W. E. Hutton & Co.; Lee M. Limbert of Blyth & Co., Inc.; and George D. Woods of The First Boston Corporation.

Victor Schoepperle of the National City Bank of New York was elected a governor to serve the unexpired term of Mr. de La Chapelle.

Governors whose terms carry over are: A. Glen Acheson of F. S. Moseley & Co.; Charles F. Hazelwood of E. H. Rollins & Sons Inc.; Harry W. Beebe of Harriman Ripley & Co., Incorporated; Eugene R. Black of the Chase National Bank; and Joseph H. King of Union Securities Corporation.

War Time Profits, Losses

The wide variation in the market action of stocks in various industrial groups during the past two years is discussed in a bulletin entitled "War Time Profits and Losses," just issued by North American Securities Company, Russ Building, San Francisco, Calif., sponsors of Commonwealth Investment Company, a mutual investment fund.

The report points out that despite a decline in the overall stock averages of approximately 12% in the two years following the fall of France in June, 1940, 17 out of 53 industries have shown a market increase which in the case of motion picture stocks amounted to 104%. Other industries which have shown market gains in the period are: Coal, 54%; alcoholic beverages, 30%; fertilizers, 29%; tires and rubber goods, 19%; agricultural machinery, 18%; leatner, 16%; meat packing, 15%; fire insurance, 13%; dairy products, 11%; sugar, 10%; household furnishings, 8%; auto parts and accessories, 5%; cotton goods, 5%; copper, 3%; oil, 3%, and rayon and silk, 1%.

Sowers & Taylor To Be Mead, Irvine Partners

BALTIMORE, MD.—J. Claire Sowers and Preston A. Taylor will become partners in Mead, Irvine & Co., First National Bank Building, members of the Baltimore Stock Exchange. Both have been with the firm for some years, Mr. Taylor being manager of the trading department.

J. Elliott Irvine, Jr. and J. Rollin Otto are withdrawing from partnership.

Praises Small Newspapers

President Roosevelt, joining Prime Minister Churchill in greetings on June 23 to the convention of the National Editorial Association at Quebec, expressed "deep appreciation" for the part its editor and publisher members have played in the war effort, according to the Associated Press. "The Government accepts as first responsibility its duty to keep the people informed in every way," Mr. Roosevelt said in his telegram, read before the opening session. "The assistance being rendered by newspapers, which accept this also as a duty of their own, is very gratifying."

Mr. Churchill sent best wishes and expressed regret that he could not be present and renew old acquaintances.

N. A. S. D. Minimum Capital Proposal Would Hurt All, Help None

(Continued from First Page)

to any group of men, irrespective of the esteem in which they may be held.

As stated in the previous article on the subject, the "Chronicle" is opposed to this unprecedented grant of power to the N.A.S.D. principally on the ground that it would have the effect of sabotaging a fundamental American right, i.e., the privilege of anybody, after complying with every phase of the organic laws, National, State and local, to engage in private enterprise, regardless of the individual's financial standing.

To those who maintain that the existing comprehensive policing powers have failed to entirely eradicate illegal or unfair operations in the securities business, it is our contention that no amount of laws, regulations or restrictions, monetary or otherwise, will be completely effective in that endeavor. The plain, unvarnished truth is that in every phase of human endeavor there will be found a minority of unscrupulous individuals who, at some time or other, violate some or all of the rules of fair play and ethical procedure. And anyone or any organization, self-appointed or created by law, which maintains that the mere imposition of a regulation requiring evidence of capital "assets" of $2,500, or $5,000, or $5,000,000, will be effective in driving malefactors "from the field," is due for a rude awakening should the proposed minimum capital requirement by some chance become effective.

There also seems to be a misconception regarding the importance of the stated minimum capital proposal of $2,500 to $5,000, respectively, as an adjunct to properly safeguarding the public in its dealings with an investment firm. It is no more necessary for certain types of investment firms, of which the "minority" is almost solely comprised, to have a certain minimum amount of capital than it is for any other type of service business. Many a small firm acts primarily as agent for its customers, others clear larger transactions through accredited clearance agents, and many have acted as principals for scores of years and met every obligation, AND THE SIZE OF THEIR POCKETBOOKS, WE SAY AGAIN, HAD ABSOLUTELY NOTHING TO DO WITH THE PUNCTUALITY AND EXACTNESS WITH WHICH THEY SETTLED THEIR CONTRACTS.

Moreover, let us remind those firms which would have no difficulty in meeting the proposed minimum capital requirements that it would be extremely dangerous for them to ignore the potential dangers, even to them, that are inherent in this "dynamite-laden" measure. It is only human, of course, to conclude that the less people there are in the securities business, or any other line of endeavor, the more business will be available for those who remain. It is well to remember, however, that it is extremely dangerous to countenance the abrogation of the rights of a "minority" simply because of its inability to meet an arbitrary financial requirement of the nature in question. Who can say to what extent such authority will be employed in the future. It is not inconceivable that many firms now in a position to comply with the suggested minimum capital requirements may discover that with their own acquiescence they established the precedent for the imposition in the future of more stringent requirements beyond their financial capacity. Thus the "majority" of today faces the definite possibility of making up tomorrow's "minority."

Then, too, if some of the larger firms do believe that it is of no importance, and even desirable, to eliminate the smaller dealers from business, may we recommend for their consideration the following observations: The smaller dealer is important. Many of the firms that would have no difficulty in meeting these minimum capital requirements might remember that it is extremely fortunate for them that the investment banking field has extended to the "Main Streets" throughout the country. It would be a great calamity if this situation did not continue to hold true because these small interior dealers counteract the demagogue and hypocrite in politics who always has been and always will be interested in advocating the crushing of "Wall Street" because he knows that such talk is popular with the unenlightened masses and makes votes. There is enough political talk now about the concentration of wealth in the hands of a few without turning over the entire investment business to those Wall Street haters who could then contend that such a condition existed in the case of the investment banking and brokerage field. Every small firm on "Main Street" has its friends and customers and all these people out in the hinterland are closer to their respective Congressmen than are those in the larger cities. Wall Street needs the friendship of these people and their Congressmen—now more than ever. Keeping the small dealer in business is the way to accomplish this important objective.

The files of this publication will show that of the firms that have been convicted of "fleecing the public" in the years past many would have had no trouble at all in meeting minimum capital requirements many times those called for in the proposed amendment.

In conclusion, we reiterate that a sound appraisal of the far-reaching implications of the N.A.S.D. minimum capital requirements by the entire membership of the Association will demonstrate the vital importance of rejecting the proposition. It would obviously establish a dangerous precedent. Also, if some of the members, having acted without sufficient reflection on the long-range effect of the proposal, have already indicated their approval of Article 1, Section 1, they should recall their ballots and vote "no" on the proposal prior to the closing date of the balloting on July 15.

AGAIN WE SAY, YOU CANNOT LEGISLATE MORALS OR HONESTY. IS THE MEMBERSHIP OF THE N.A.S.D. GOING TO ENDORSE THE PRINCIPLE THAT BEFORE A MAN CAN HANG OUT HIS OWN SHINGLE AND GO INTO BUSINESS HE HAS TO HAVE A CERTAIN AMOUNT OF ARBITRARY NET CAPITAL OR ARE THEY GOING TO STAND UP AND SAY, "NOT AS LONG AS WE STILL RECOGNIZE THE RIGHT OF FREE MEN TO PARTICIPATE EQUALLY IN THIS LAND OF OPPORTUNITY. THE PROPOSAL, IN OUR CONSIDERED OPINION, DOES NOT SQUARE WITH THE AMERICAN 'WAY OF LIFE,' AND FOR THAT REASON ALONE MERITS UNQUALIFIED DISAPPROVAL BY THE ENTIRE MEMBERSHIP OF THE N.A.S.D., REGARDLESS OF THEIR FINANCIAL STATUS." VOTE NO ON ARTICLE 1, SECTION 1.

Dollars A Sale; Securities A Buy

The House Appropriations Committee yesterday reported out an army supply bill calling for appropriation of over 42 billions of dollars—the largest single appropriation in the history of any nation. This is further dramatic evidence of the rate of Government expenditures—and a large part of these expenditures keeps flowing down into the pool of general purchasing power. Circulation of money and bank deposits have already grown by leaps and bounds.

The value of a dollar in the hands of its owner is no longer being closely scrutinized. The big question today is—what can I buy with that dollar?—for, availability of goods and services of all kinds is shrinking steadily, and general prices are being kept in check only by the main force of Government fiat.

It would appear that the securities market is the last remaining great field of free buying and selling where the value of a dollar is still being closely weighed, as against the things it can purchase. And this situation exists after the stock market, for about 2½ years, has followed a trend almost diametrically opposite to that of most other price trends. In short, a "buyers'" market exists today in securities, as against a "sellers'" market in practically every other field. We feel this is an abnormality which, in the long run, is bound to be adjusted.

Action of the House Ways and Means Committee late yesterday, adopting a post-war credit of about 14% for corporations paying excess profits taxes, should have a stimulating nearby market effect, particularly for the greatly depressed armament groups — the bulk of whose earnings fall into excess profits tax brackets. The effect of this provision, if it finally becomes law, will be to reduce the excess profits rate from the proposed 94% to about 80%.—J. S. Bache & Co. (Wednesday, June 24, 1942).

Plans Completed for Colombian Bond Exchange Offer

Arrangements for the delivery of Republic of Colombia 3% external sinking fund dollar bonds, due Oct. 1, 1970, in exchange for outstanding Colombian Mortgage Bank bonds have been completed by the Agricultural Mortgage Bank of the Republic, according to an announcement released for publication today (June 25) by Juan Salgar Martin, manager of the bank. The exchange offer, which applies both to guaranteed and non-guaranteed dollar bonds of the mortgage banks, affects slightly more than $10,000,000 outstanding bonds.

Commenting upon the offer, Gabriel Turbay, Colombian Ambassador to the United States, pointed out that it marks the completion of the settlement of the external dollar debt of the national government of the Republic outstanding in the United States. Settlement of the Republic's direct debt was effected under the offer made by the Republic through Ambassador Turbay in June a year ago.

The offer by the Agricultural Mortgage Bank provides that the Republic's 3% external bonds be delivered to holders of mortgage bank bonds on the following basis:

(1) $1,100 principal amount of Government bonds (or certificates exchangeable for these bonds) for each $1,000 principal amount of guaranteed bonds of the Agricultural Mortgage Bank with all past due coupons attached; and

(2) $750 principal amount of Government bonds (or certificates exchangeable for these bonds) for each $1,000 principal amount of the non-guaranteed bonds of the Bank of Colombia, the Mortgage Bank of Colombia, and the Mortgage Bank of Bogota, with all past due coupons attached.

The announcesment also says:

"The Government bonds to be delivered in exchange under the offer do not represent an original or additional issue but consist of bonds in denominations of $1,000 and $500 heretofore issued by the Republic and listed on the New York Stock Exchange.

"The National City Bank of New York has been designated by the Agricultural Mortgage Bank as the exchange agent under the plan, and copies of the offer and of the letter of transmittal may be obtained from the bank's corporate agency department. The offer will remain open for acceptance until July 1, 1943, or such later date as the Agricultural Mortgage Bank may designate.

"The 11 issues to which the offer applies are as follows: Agricultural Mortgage Bank guaranteed 20-year 7% sinking fund gold bonds, issue of 1926, due April 1, 1946; guaranteed 20-year 7% sinking fund gold bonds, issue of January, 1927, due Jan. 15, 1947; guaranteed 20-year 6% sinking fund gold bonds, issue of August, 1927, due Aug. 1, 1947; and guaranteed 20-year 6% sinking fund gold bonds, issue of April, 1928, due April 15, 1948; Bank of Colombia 20-year 7% sinking fund gold bonds of 1927, dated April 1, 1927, due April 1, 1947; and 20-year 7% sinking fund gold bonds of 1928, dated April 1, 1928, due April 1, 1948; Mortgage Bank of Colombia 20-year 7% sinking fund gold bonds of 1926, dated Nov. 1, 1926, due Nov. 1, 1946; 20-year 7% sinking fund gold bonds of 1927, dated Feb. 1, 1927, due Feb. 1, 1947; and 20-year 6½% sinking fund bold bonds of 1927, dated Oct. 1, 1927, due Oct. 1, 1947; Mortgage Bank of Bogota 20-year 7% singing fund gold bonds, issue of May, 1927, due May 1, 1947; and 20-year 7% sinking fund gold bonds, issue of October, 1927, due Oct. 1, 1947."

Roosevelt, Churchill Confer On War Conduct

President Roosevelt and Prime Minister Winston Churchill in a joint statement issued at Washington on June 22 said that the objective of their conferences is "the earliest maximum concentration of Allied war power upon the enemy."

The series of talks, which began on June 19 and are continuing in Washington, also have as their object in view "reviewing or, where necessary, further concerting all the measures which have for some time past been on foot to develop and sustain the effort of the United Nations."

The President's and Prime Minister's joint statement emphasized that "complete understanding and harmony exists between all concerned in facing the vast and grave tasks which lie ahead."

Mr. Churchill's second visit to the United States since this country entered the war was disclosed by the White House on June 18 in a brief statement which said that he would confer with the President on "the war, the conduct of the war, and the winning of the war." He was accompanied on the trip by Gen. Sir Alan Brooke, Chief of the Imperial Staff; Major Gen. Sir Hastings Ismay, Chief of Staff to the Minister of Defense (Mr. Churchill); Brig. Gen. G. M. Stewart, Director of Plans in the War Office; Sir Charles Wilson, his personal physician; John Martin, Secretary, and Commander C. V. R. Thompson, an aide.

No details were given out as to what means of travel were used.

The following is the text of the joint statement by the President and the Prime Minister.

"The President and the Prime Minister, assisted by high naval, military and air authorities, are continuing at Washington the series of conversations and conferences which began on Friday last (June 19). The object in view is the earliest maximum concentration of Allied war power upon the enemy, and reviewing or, where necessary, further concentrating all the measures which have for some time past been on foot to develop and sustain the effort of the United Nations. It would, naturally, be impossible to give any account of the course of the discussions, and unofficial statements about them can be no more than surmise. Complete understanding and harmony exists between all concerned in facing the vast and grave tasks which lie ahead. A number of outstanding points of detail which it would have been difficult to settle by correspondence have been adjusted by the technical officers after consultation with the President and the Prime Minister."

The President and Prime Minister on June 23 conferred with American and British shipping experts on the maritime problems facing the United Nations. No details were given out but Stephen Early, White House press secretary, descriged the conference as "one of the most important" held by the two leaders so far.

Those called in for the meeting were Admiral Ernest J. King, Commander-in-Chief of the United Fleet; Vice-Admiral S. M. Robinson, Chief of the Navy's Office of Procurement and Material; Rear Admiral Emory S. Land, Chairman of the Maritime Commission and War Shipping Administrator; Rear-Admiral Howard L. Vickory, Vice-Chairman of the Maritime Commission; Lewis W. Douglas, Deputy War Shipping Administrator; Harry L. Hopkins, Chairman of the American section of the Munitions Assignment Board; W. Averell Harriman, American lend-lease expeditor; Sir Arthur Salter, British Minister of Shipping; Admiral Sir Charles Little, British representative of the combined chiefs of staff, and Admiral J. W. Dorling, British Admiralty supply representative.

Mr. Churchill's previous visit to this country in December lasted nearly a month. One result of this meeting was the "Declaration by United Nations," signed in Washington on Jan. 1 by 26 nations (reported in these columns of Jan. 8, page 144). His war talks with Mr. Roosevelt were noted in our Jan. 1 issue, page 40. The earlier sea conferences held last August between President Roosevelt and Prime Minister Churchill were referred to in these columns Aug. 16, 1941, page 915, and Aug. 23, page 1068.

No Securities Laws Amendments This Year

There will be no legislation this year amending the securities acts, Chairman Lea of the House Interstate and Foreign Commerce Committee, said on June 17, according to Washington advices to the "Wall Street Journal," which added:

"Mr. Lea said he didn't think his committee would have a chance to digest the bulky testimony and report a bill before the end of the year. Next year, however, he added, he thought the chances of speedier action would be good.

"The weeks and weeks of testimony from investment industry and government witnesses on proposals to amend the securities acts has now been indexed, Mr. Lea said," "and a summary is being prepared for members of the committee. But this, probably, cannot be taken up before September. Then a subcommittee can go to work on it.

"This schedule means that a detailed bill can be worked out by the year's end but that there will not be time to report it to the House, Mr. Lea believes."

FDR Lauds Advertising For Aid In War Effort

President Roosevelt on June 21 commended the advertising industry for its contribution to the war effort and said that "the desire for liberty and freedom can be strengthened by reiteration of their benefits" through advertising.

The President's message to the 38th annual convention of the Advertising Federation of America, at New York City, follows:

"My congratulations to the Advertising Federation of America for the way in which its members already have contributed of their time and skill to the war effort.

"It is obvious that there are many changes going on in your field. For the duration there will be a diminution in product advertising, but this does not mean an end of advertising.

"There are many messages which should be given to the public through the use of advertising space. The desire for liberty and freedom can be strengthened by reiteration of their benefits.

"If the members of your organization will, wherever possible, assist in the war program and continue the splendid spirit of cooperation which they have shown during the last year, advertising will have a worthwhile and patriotic place in the nation's total war effort."

This Announcement is not an Offer

Colombian Mortgage Bank Bonds

Agricultural Mortgage Bank
(Banco Agricola Hipotecario)
Guaranteed Twenty-Year 7% Sinking Fund Gold Bonds
Issue of 1926, Due April 1, 1946
Guaranteed Twenty-Year 7% Sinking Fund Gold Bonds
Issue of January, 1927, Due January 15, 1947
Guaranteed Twenty-Year 6% Sinking Fund Gold Bonds
Issue of August, 1927, Due August 1, 1947
Guaranteed Twenty-Year 6% Sinking Fund Gold Bonds
Issue of April, 1928, Due April 15, 1948

Bank of Colombia
(Banco de Colombia)
Twenty-Year 7% Sinking Fund Gold Bonds of 1927
Dated April 1, 1927, Due April 1, 1947
Twenty-Year 7% Sinking Fund Gold Bonds of 1928
Dated April 1, 1928, Due April 1, 1948

Mortgage Bank of Colombia
(Banco Hipotecario de Colombia)
Twenty-Year 7% Sinking Fund Gold Bonds of 1926
Dated November 1, 1926, Due November 1, 1946
Twenty-Year 7% Sinking Fund Gold Bonds of 1927
Dated February 1, 1927, Due February 1, 1947
Twenty-Year 6½% Sinking Fund Gold Bonds of 1927
Dated October 1, 1927, Due October 1, 1947

Mortgage Bank of Bogota
(Banco Hipotecario de Bogota)
Twenty-Year 7% Sinking Fund Gold Bonds
Issue of May, 1927, Due May 1, 1947
Twenty-Year 7% Sinking Fund Gold Bonds
Issue of October, 1927, Due October 1, 1947

The Agricultural Mortgage Bank announces that, under the terms of an Offer to become effective July 1, 1942, it has arranged for the delivery of Republic of Colombia 3% External Sinking Fund Dollar Bonds, dated as of October 1, 1940, due October 1, 1970, with the coupons maturing on and after October 1, 1942 attached (hereinafter referred to as the "Government Bonds") in exchange for any of the aforementioned Mortgage Bank Bonds with the appurtenant coupons designated in the Offer on the following basis:

(1) $1,100 principal amount of Government Bonds (or Certificates exchangeable therefor) for each $1,000 principal amount of the aforementioned guaranteed bonds of the Agricultural Mortgage Bank, with the required coupons; and

(2) $750 principal amount of Government Bonds (or Certificates exchangeable therefor) for each $1,000 principal amount of the aforementioned non-guaranteed bonds of the Bank of Colombia, the Mortgage Bank of Colombia, and the Mortgage Bank of Bogota, with the required coupons.

The Government Bonds to be delivered in exchange under the Offer do not represent an original or additional issue, but consist of bonds in denominations of $1,000 and $500, heretofore issued by the Republic of Colombia and listed on the New York Stock Exchange.

This Announcement is not the Offer of the Agricultural Mortgage Bank. Copies of the Offer may be obtained from The National City Bank of New York, Corporate Agency Department, 20 Exchange Place, New York, N. Y., which has been designated by the Agricultural Mortgage Bank as the Exchange Agent to effect the exchange specified in the Offer. Copies of the Exchange Agency Agreement are available for inspection at the above-mentioned office of The National City Bank of New York.

The Offer will remain open for acceptance until the close of business on July 1, 1944, or such later date as the Agricultural Mortgage Bank may designate.

Holders of the aforementioned Mortgage Bank Bonds who desire to exchange such bonds for Government Bonds in accordance with the Offer should deliver to The National City Bank of New York, Corporate Agency Department, 20 Exchange Place, New York, N. Y., as Exchange Agent, the Mortgage Bank Bonds and appurtenant coupons with properly executed Letter of Transmittal in accordance with the terms of the Offer. Copies of the form of Letter of Transmittal may be obtained from the Corporate Agency Department of The National City Bank of New York.

AGRICULTURAL MORTGAGE BANK
(Banco Agricola Hipotecario)
By JUAN SALGAR MARTIN
(Gerente)

Dated June 25, 1942.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 2381)

what would ordinarily be a normal technical setback. Well, the news came. But instead of turning and running back, the market, after declining about two points or so, stopped.

* * *

This is better action than the news entitled it to. A two point or so reaction was in the cards. The fact that at this writing, this has been the worst we have seen, speaks well of the basic trend.

* * *

Whether or not any additional bad news will carry stocks still lower is something I can't answer. If it is the fall of Sevastopol, I think the market has discounted it. I don't think for example that the market has allowed for a wide scale successful invasion of the Russian oil fields.

* * *

But to leave the war alone for the time being and to come back to the market. Here is the picture as I see it today. Using the "Times's" averages as a yardstick, the market has gone from about 68 to just across 72 from the end of May to about June 7th. Then it reacted about a point. Stayed there for about two weeks and started up again. On this rally it crossed 72 again but could not get above the previous highs. The news then sent it down from about 72 to a current figure of about 70. This puts the two previous high points in a position chart readers call "double top."

* * *

I don't really believe double tops are so important as some people believe except that they show a peak at which former resistance was encountered. What is important is that on subsequent declines new bases have been established; bases which indicate the willingness of buyers to take stock. If such bases are violated in important stocks the assumption is that, even if a subsequent rally occurs, the trend is down. In the "Time's" figures this base is now 69-70. If the market breaks through this range it will have given a signal not to be ignored.

* * *

Obviously this applies to the market as a whole; not to individual stocks, though individuals are influenced by the action of the whole.

* * *

Of the stocks recommended here in the past few weeks all that can be said is that they are still acting well. Western Union was the only issue that has violated its 24 price. The rest of your stocks are still above their critical points. I think before the week is over they will be still higher.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Investment Trusts

(Continued on page 2383)

Positions—At the close of 1941 the cash resources of Class I roads stood at an all-time peak above one billion dollars and those resources can be added to substantially while wartime traffic exists. *Inventories*—The railroads sell transportation, not merchandise. For them the inventory problem does not exist in any important measure. *Conversion*—The railroads have neither the conversion nor the reconversion problem. *Plant Expansion*—What expansion they have undertaken is in the form of additional equipment which, because of its greater efficiency, should more than pay for itself in terms of operating economy." Summary: "Yet many railroad bonds are available at prices only half or two-thirds of those which existed when interest coverage was little better than half of that prevailing today. And many representative railroad stocks may be purchased at from one to four times 1941 earnings, ratios much more favorable than those characteristic of industrial stocks which have neither the tax advantages nor the outstanding wartime earnings prospects of the rails and are unlikely to come out of the war so well fortified financially."

* * *

"Bulletin" June 12 (Hare's Ltd., 15 Exchange Place, Jersey City):

"Stocks of matured banks and fire insurance companies have. for upwards of 158 years, during wars and peacetime, demonstrated consistent earning ability. The Bank of New York commenced business shortly before the Constitution of the United States was enacted and the Insurance Company of North America and the Bank of Manhattan shortly thereafter.

"One may count on his fingers the few years in which these institutions, in whose stocks Bank Group Shares and Insurance Group Shares provide ownership, have failed to show satisfactory earnings throughout their extremely long business careers. Further, as a group they have established an unbroken dividend record averaging 63 years.

"While industrial corporations, as a result of high taxes and inventories have in general made substantial reductions in their dividends this year, only one of the fifteen banks and not one of the twenty-three insurance companies, in whose stocks Bank Group Shares and Insurance Group Shares provide ownership, has made a dividend reduction." . . .

"Whether or not one considers aircraft stocks as "war babies," the fact remains that stocks of well managed "war babies" are good investments where they represent an industry with a growth future and are selling at a low ratio to probable peacetime earnings. Stocks of the aircraft manufacturers which comprise the portfolio of Aviation Group Shares are presently selling on an average of only about 2½ times 1941 earnings. In peacetime, good common stocks have not been considered over-valued at prices representing 10 times earnings to yield from 4 to 5%. Presently the yield on Aviation Group Shares is around 9½%. Taxes will be higher again this year, but as an offset sales by aircraft, aircraft engine and propeller manufacturers will be more than doubled."

* * *

"The News" June 15 (Lord, Abbett & Co., Inc., 63 Wall Street, New York):

"It frequently happens, in the administration of an investment portfolio, that a stock selected for sale represents an inherently sound company—a company in which investment is ordinarily desirable.

"Even with a basically attractive background, however, a company may be *temporarily* undesirable for reasons such as the following:

"1. A current development may adversely effect the company until the development is cleared up or discounted.

"2. Some factor in evaluating the company may be so obscure that prudence will suggest stepping to one side until the atmosphere clears.

"3. The price of the stock may simply be too high, in the light of general market levels and all the known conditions.

"A sale made for such reasons as these is clearly one which is informally 'ticketed' for reversal, through subsequent purchase (provided other things remain the same).

"In reviewing the ABS records for the month of May, some of these 'reversal transactions' come to light.

"American Telephone 3s of 1956 were *sold* and the common stock of American Telephone was *bought*, thus reversing a switch made in 1941. The net gain, in the original switch and subsequent reversal, was about 20 points.

"Libbey - Owens - Ford common stock was *bought*, the same stock having been sold in 1941. The purchase price was just a few points more than *half* of the sales price.

"U. S. Gypsum stock was *bought* at about *two-thirds* of the price at which it had previously been sold."

Dividend Notices

Union Trusteed Funds, Inc.: Dividends have been sent to shareholders of record June 13, 1942 as follows: Union Bond Fund "A" 44 cents per share; Union Bond Fund "B" 45 cents per share; Union Bond Fund "C" 28 cents per share; Union Preferred Stock Fund 42 cents per share; Union Common Stock Fund "A" 25 cents per share; Union Common Stock Fund "B" 12 cents per share.

* * *

Fundamental Investors, Inc.: Quarterly Dividend No. 34 amounting to 20 cents per share has been declared payable July 15, 1942 to stock of record June 30. The offering price will be quoted ex-dividend at the opening of business on June 29.

* * *

Insurance Group Shares: A cash dividend estimated at approximately 2.23 cents will be paid to holders of record June 30, 1942. "June dividends are invariably about 25% less than December dividends, in that it is the practice of a number of the insurance companies whose stocks comprise the portfolio to pay extras during the last half of the year."

UP-TOWN AFTER 3

PLAY

"Laugh, Town, Laugh," starring and presented by Ed Wynn, at the Alvin Theatre, New York. With Smith & Dale, Jane Froman, Carmen Amaya, Senor Wences, Hermanos Williams Trio, Ken Davidson, The Herzogs, Emil Coleman and his orchestra and others. This is one of the few shows your reporter has seen that actually lives up to its title, "Laugh, Town, Laugh." It is a vaudeville show that is well nigh perfect. It has everything; trapeze artists, animal acts, dancing, singing and what is probably the best comedians on Broadway. Ed Wynn with his half timid smile whinnies his way through the evening as the master of ceremonies. Once again he wears his crazy hats, outlandish costumes and describes his whacky inventions. As everybody now knows Wynn doesn't depend on double entendre for laughs. He is a comic who depends on his inane behavior to arouse one's risibilities. But the hit of the show is another pair of comics, Smith & Dale, who were big time when the Palace was the zenith of all vaudeville. I have seen them as the Avon Comedy Four, later as Smith & Dale, but as familiar as their routines are they have never failed to put me in stitches. When they end their famed "Dr. Kronkheit" skit there isn't a straight face in the house. Laughs upon laughs almost lift the roof of the Alvin. Miss Froman, more familiar to the radio than to the stage, is charming. She has a good voice and knows how to interpret Tin Pan Alley hits. Carmen Amaya with a whole flock of relatives including the famed guitarist Sabicas, proves again that she is one of the best flamenco dancers in the business. The Herzogs are five young ladies from down under who do impossible things on trapezes. Portugal contributes its share through Senor Wences, a ventriloquist of no small attainments. There is even a badminton game for the athletically inclined. Ken Davidson and Hugh Forge show how champions do it. The pit work is capably handled by Emil Coleman and his crew. All in all it is a grand show full of laughs and little excitements. And considering the fact that it's offered at a $2 top it becomes one of the best amusement buys in New York.

MOVIES

"Ship Ahoy," starring Eleanor Powell and Red Skelton. With Bert Lahr, Virginia O'Brien, Tommy Dorsey and his orchestra, and others. An MGM picture. A good hot weather film that was made for laughs. It succeeds admirably. For not only is it a top flight musical with all its pretentiousness, but unlike most movie musicals it doesn't depend on display for its oohs and ahs! It has a top radio and movie comic, Red Skelton, and one of the best movie and theatre comics, Bert Lahr, mixes it up with the dancing Eleanor Powell and the straight pan singing of Virginia O'Brien and comes up with this amusing tid bit yclept "Ship Ahoy." Hypochondriac pulp writer, Red Skelton, and his secretary, Bert Lahr, take a West Indies cruise. On board they run into a theatrical troupe, starring Eleanor Powell, scheduled to open in Puerto Rico. Miss Powell, thinking she is acting for the FBI is actually a dupe for saboteurs for whom she transports a magnetic mine. In any event Skelton and Miss Powell meet and go ga-ga over each other. Meanwhile Lahr and the Miss O'Brien hit it off together. If there is any fault in the picture it is the persistent attempt of movie people to treat the war as something amusing, somehing to make money out of. But if you disregard that its only other fault is that there is too little of Bert Lahr. Opening this week at the **Capitol Theatre, New York.**

AROUND THE TOWN

Havana-Madrid (B'way & 52nd). Current show—Caribbean Beauties On Parade—is fast and furious but somewhat confusing. In a hodge-podge of all nations the girls do everything from Russian dances to something supposed to be Chinese. Place is popular with South American dignitaries who frequently come in unannounced. Other night the place was full of Brazilian and Mexican officials. Amusing thing happened when mistress of ceremony called on somebody in the audience to sing only to discover she was calling on the wrong person. Assembled Latin American diplomats howled with laughter. . . . **The Aquarium Restaurant** (7th Ave., near 47th), a new place run by theatrical producer, **Ben Harriman.** Large place open to the street. Specializes in sea food. Food is good and portions ample but service isn't the best in the world. . . . **Recommended Extra-curricular reading:** Dan Parker's sport columns in the New York "Daily Mirror." His poems in Brooklynese, Tenth Ave., Italian or Jewish dialect are masterpieces, comparable to the best things ever done by Ring Lardner. . . . The **Penthouse Club's Caridad** (she sings delightfully and plays the guitar) and **Nayara** (sings in Russian, Persian and English) have just been signed by NBC for a series of broadcasts. Incidentally, **Penthouse** is now offering prizes to guests who get the best candid shots of the Park from its terrace. . . . All the social boys are pulling wires to get commissions. One of the elect boasting of his connections was actually offered a second lieutenantcy. Turned it down. Too small. Last week he was placed in 1-A. He is now running back and forth to Washington trying to get original commission. **Goldwynism:** Story editor called his boss' attention to new radio show, "Counter-Spy," as possible screen material. "'Counter - Spy'! In times like these you want I should make pictures about detectives in a five and ten cent store!"

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Our Reporter's Report

(Continued from First Page)

ing increasingly difficult any further effort by the solvent carriers to obtain the benefit of the provisions in that period.

There remained the possibility, however, that the Treasury Department might prevail upon the Senate Finance Committee to adopt the broader proposals, so that while the first round appeared lost, the book was not yet definitely closed on the issue.

As the section of the Revenue Code involved now stands, a railroad to proceed under the plan, must obtain a certificate of unsound financial condition from the Interstate Commerce Commission to be free to buy in its bonds at a discount.

In these circumstances, the spread between the repurchase price and "par" is exempt from treatment as income for tax purposes.

Problem For Reserve Board

Plans of the Treasury for enormous new financing during July and August pose a serious problem for the Federal Reserve Board which is charged with the task of setting the money market right to assure satisfactory reception of the forthcoming securities.

The Board is understood to be engaged in debating the advisability of revising member bank reserve requirements with an eye to the impending Treasury operation. Excess reserves in the New York area have been dropping steadily in recent months and currently are at the lowest levels in several years.

The Reserve already is seeking authority to reclassify both New York and Chicago areas as Reserve Cities rather than as Central Reserve Cities which automatically would reduce such requirements. But that would be merely a stop-gap procedure.

Depends On Type Of Issue

The position of the Reserve authorities will be cleared up once the Treasury decides upon the type of security to be used in its new undertakings.

Should the July financing be scheduled along lines designed to appeal to the non-banking investor, perhaps employing again the "tap" loan such as sold in May, the matter of the banks' excess reserve position naturally would not enter materially into the picture.

But if Secretary Morgenthau intends to turn to the banks for the major part of the funds sought, an adjustment of the reserve requirements would appear essential. The Reserve, however, could, as it has done in the past, ease the bank's position through the medium of open market operations on a larger scale, that is by absorbing part of the banks' present holdings and making room for subscriptions to the new issues.

Placed On Its Own

Termination of the syndicate agreement among underwriters who recently floated the $10,000,000 of Virginia Public Service Company 5% debentures, and the withdrawal of the supporting bid for the issue, brought a mild reaction marketwise.

Brought out at 102 several weeks ago, the debentures settled back to rule around 100⅜ to 100⅝ in free market dealings. Considering that the security was rated just a shade below levels which would have made it attractive to bank buyers, its performance was viewed as indicating that the issue had been quite well placed.

A week ago the 3¾% first mortgage bonds brought out simultaneously were turned loose from syndicate support, and they likewise settled back from the offering price of 106¾.

Big Issue Registered

Financing by the Celanese Corporation of America, in the works several times in recent months, but deferred for one reason or another, is now definitely under way.

The company has registered with the Securities and Exchange Commission for the sale of $35,000,000 of new 3½% debentures to mature in twenty years.

This financing is designed to provide for the retirement of some $24,700,000 of outstanding 3% debentures and $3,000,000 of bank loans. The balance to be raised will be added to the company's general funds.

A sinking fund is provided for sufficient to retire approximately $20,000,000 of the issue before maturity.

Kelsey With Wm. R. Staats

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—John F. Kelsey has become associated with William R. Staats Co., 640 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Kelsey was formerly with Bankamerica Company in charge of the municipal department of their Los Angeles office.

Some Reactions of Security Firms to NASD Minimum Capital Proposal

(Continued from page 2378)

We believe the majority of the small dealers are an asset to the securities business and we think they should be allowed to continue in business if they so desire insofar as the amount of capital they have is concerned.—(From An Atlanta, Ga., dealer)

DEALER NO. 3

Gentlemen:

Your article on the new proposed amendment to the NASD Code is most timely. I reached the same conclusion and voted "no" by return mail.

I voted "no" for somewhat different reasons than you outline.

You notice that the proposal says net capital of $5,000 and not net worth. It further says that real estate may be only used as an asset under certain discretionary conditions, although real estate should be one of the best American assets.

The qualifications, it seems to me, are not only confusing, they are arbitrary and allow too much discretion to any political organization such as the NASD.

I, therefore opposed the proposal because of the classification of assets that it makes; because of the net capital requirement which sets up an arbitrary amount on the books of a dealer whether it is necessary or not; because of the qualifications of assets which seems to bar real estate from a dealer's qualifying assets, and gives too much discretion to a political official as to its acceptance as an asset or capital requirement; because it needlessly complicates the tax situation in Ohio, where a dealer is taxed on net capital and cash in dealer's account; and, because I felt that if qualifications of a financial nature are needed, it should be on the basis of net worth rather than capital assets.

Furthermore, the proposal permits the NASD officials even more discretion in admitting or expelling dealers from membership than they should ever have. In fact, these crackdown agents should never be given the power to put any American citizen out of business.

P. S.—Don't use our name if you wish to quote at all.—(From A Dealer In A Small Ohio Town)

DEALER NO. 4

Gentlemen:

Please allow us to congratulate the "Chronicle" on the article in your Thursday, June 8 issue entitled: "NASD seeks to drive all small securities houses out of business." You have summarized the situation perfectly—particularly where you call the minimum capital requirement un-American, and state that we endorse a procedure, that has never yet been done in the United States of America. What can the NASD be thinking of, or are they thinking?

A reading or re-reading of the questions and answers relating to the new capital rule in the "NASD News" of June 15 shows up the dictatorial powers the NASD are asking for, providing they do not already possess them. For example: They exclude or can exclude any fixed asset from the capital requirement, even liquid City Real Estate—compare this with the following: For the year ending Dec. 31, 1941 (Moody's Public Utilities Manual), the Boston Edison Co. reported total assets of $196,508,198; of this amount $174,353,461 is plant and equipment, or (I presume) what the NASD could call a fixed asset and therefore, does not or should not qualify as an asset according to their qualifications.

Or, how about this one: Article 5, Section 3, "Proposed Amendments to Rules of Fair Practice": "Any member disciplined pursuant to Section 1 of this article shall bear such part of the costs of the proceedings as the District Business Conduct Committee or the Board of Governors deems fair and appropriate in the circumstances." In other words, if the District Business Conduct Committee or the Board of Governors so decide they can compel any member to contribute toward the costs of prosecuting himself.

Relative to the ballot that the members will use to vote (approves or disapproves on any or all Amendments): It has to be signed with the name of the firm voting and also carry the signature of the Executive Representative and is sent direct to the NASD, Philadelphia, Pa. (no third or neutral party), that gives them a check on any or all dealers who would dare to vote against the powers that be.

In past months practically all members of the NASD were sent a lengthy and detailed questionnaire to be answered and filed with a third party, the identity of the member was not to be disclosed to the NASD unless the facts in the questionnaire justified action by the District Business Conduct Committee—the unless, etc., did make it possible for the Committee to obtain information regarding the financial position of many or all dealers, because an itemized balance sheet of the dealer had to be filed as part of the questionnaire. No doubt the amount of capital that many small houses were operating with provided a vulnerable spot to hit them in, regardless of the fact that the dealer has a record of honesty and integrity stretching over a period of years.

It seems to us that if Mr. "A" can do the same volume and kind of business (other things being equal) that Mr. "B" does with a half or a tenth the amount of capital that "B" has, then there is something the matter with "B"—or at least "A" should not be penalized by being required to provide the same capital that "B" has.

Take a look at some of the inconsistencies in the June 15—"NASD News," under the caption: "Capital Requirements" — the article starts off with "Protection of investors and promotion of the welfare of the investment banking and securities business are considered by the Board of Governors to be the primary objectives of the NASD, Inc." (the small dealer is in accord with these objectives). Also, further on it reads: "H. H. Dewar, Chairman of the Board, has said that they will afford public investors a measure of protection to a degree heretofore unavailable to them." (We do not agree with Mr. Dewar, because you cannot legislate honesty and integrity), but, further on in the same article they contradict themselves by saying—"The Board does not in any way feel that these minimums are guarantees of the financial character or business integrity of those who may qualify under them."

Another inconsistency—if "A" is doing a half million dollar gross with $3,000 capital and "B" is doing the same neither one would qualify under the new capital requirements, but, if they consolidated and do the same total gross, i. e., one million, they would qualify. How, or where does that give added protection to the Investor?

Because of the fear of reprisals, we will make this, Anonymous. —(From A Portland, Me., Dealer)

DEALER NO. 5

Gentlemen:

As a small investment dealer who has abided by the By-Laws and Rules of Fair Practice as set up by the NASD and can and will continue to do so, I want to congratulate you on your article in the June 18 issue, entitled "NASD Seeks to Drive All Small Security Houses Out of Business." I subscribe heartily to all your opinions expressed therein and endorse, without qualification, the stand which you have taken.—(From A Virginia Dealer)

DEALER NO. 6

Dear Sir:

I want to express our appreciation and whole hearted support to your article titled "NASD Seeks to Drive All Small Security Houses Out of Business," written by Joseph Haynes. We are a small dealer referred to in your article and have been in the investment business some 15 years, 11 of them as our own concern. We joined the NASD on the theory that they were to work for the investment dealers. From their recent actions they are evidently for the larger dealers rather than the large percent of us who have struggled along during these years, adhering to their rules and regulations as set up by the NASD and paying our dues promptly. We heartily agree that this is an unfair practice and feel that there is enough rules and regulations and policing that will eliminate the "chiseler" so that the investment business as a whole is on a higher plane than it has been for some years.

We couldn't help writing you expressing our pleasure in knowing that there still is a champion of the small dealers, which is the "Financial Chronicle," and trust that there are enough small dealers in the country feeling the same way and that this Aricle 1, Section 1, will be eliminated in the new By-Laws.

Keep up the good work.—(From A Lincoln Neb., Dealer)

DEALER NO. 7

Dear Sir:

I read, with interest, your article in the "Financial Chronicle," re capital requirements, and heartily agree with your conclusions.

The more realistic approach to the capital requirements problem would have been the limitation of incorporated firms doing business without sufficient capital for reasons which are obvious.

I note, with considerable concern, the tremendous expenses under which the NASD is operating, and the purposed regulation and policing thereof would serve to increase these expenses, which, I think, is a step in the wrong direction.—(From A New York City Dealer)

DEALER NO. 8

I enclose a copy of my letter to the NASD. You can quote all or any part of it that you like. Just keep our name out of it, please. Incidentally, I feel very certain that for the past five years my clients have had more profits and less losses than the clients of many of the largest firms per dollar invested, and, in addition, their income has been higher. I would like to see a comparison.

NASD, Inc.,
Philadelphia, Pa.

Gentlemen:

I am returning herewith the ballot card you sent us, and you will note that we have approved all the Articles except No. 1, Section 1, and which we emphatically disapprove.

I respectfully refer you to the write up given this proposed Article in the June 18 issue of the "Financial Chronicle," and in which we heartily concur.

I am 56 years old, and have been in business here in South Bend for 36 years, in the securities business for the last 17 years. I can furnish all kinds of references as to my character, ability and integrity. Practically all my business is done with about 30 clients who are friends of mine and have known me for years. It does not matter one bit to them whether my capital is $500, $5,000 or $5,000,000.

You regulate your dues according to the number of people in the firm. The more people the greater volume of business done, and the greater the profits. Why then, don't you set your capital requirements accordingly? Why should we with only one active member, and doing a very small volume of business, have to have the same capital requirements as the largest house in the business? Does this seem just or fair to you?

I take it that this capital requirement idea is to keep the crook out of the securities business, while, as a matter of fact today, the crooks and racketeers are the ones that have the money. The result, therefore, of Article 1, Section 1, will be just the opposite.

If I am put out of business at my age, what am I going to do to support myself, put my daughter, 12, through school and college, and take care of my mother-in-law, 68?

I can see no good reason why we should belong to the NASD, as we have not participated with syndicates and selling groups for well over a year, and have not as yet paid our current year's dues of $30. We have been paying our dues just to be a good fellow, and for what we thought was a good cause. It doesn't look so good now.—(From A South Bend, Ind., Dealer.

DEALER NO. 9

Gentlemen:

Although I am a member of the NASD I heartily agree with your article in last week's paper.

I never for the life of me could see any reason for the NASD

(Continued on page 2391)

Calendar of New Security Flotations

OFFERINGS

CHAS. PFIZER & CO., INC.

Chas. Pfizer & Co., Inc. filed a registration statement with the SEC for 240,000 shares of common stock, $1 par value

Address—81 Maiden Lane, New York, N. Y.

Business—The company is a leading producer of fine organic chemicals. Its research in fermentation chemistry has resulted in the development of exclusive processes for the manufacture of organic acids of increasing importance to industry

Underwriting—F. Eberstadt & Co., New York, is the principal underwriter. The names of other underwriters will be supplied by amendment. The underwriters have entered into an agreement with the company to purchase, for public offering, an aggregate of 240,000 shares of unissued common stock at $22.25 per share

Offering—The public offering price will be supplied by amendment

Proceeds—The net proceeds (estimated at $5,295,500) from the sale of the stock, after deducting expenses estimated at $44,500, will be added to general funds for use approximately as follows: retirement of all bank debt $1,600,000; retirement of all preferred stock $776,160; purchase, at approximate book value, and retirement of 131,040 shares of common stock, $1 par value, of the company held by the estate of Emil Pfizer $1,916,930, and for additional working capital $1,002,930

Registration Statement No. 2-5010. Form A-2. (6-10-42)

In an amendment to the registration statement of Chas. Pfizer & Co., Inc., covering 240,000 shares of common stock, $1 par value, the underwriters and the respective amounts underwritten are stated as follows:

F. Eberstadt & Co., 12,500 shares; A. G. Becker & Co., Inc., Eastman, Dillon & Co., Hemphill, Noyes & Co., Hornblower & Weeks, Lazard Freres & Co., Merrill Lynch, Pierce, Fenner & Beane, F. S. Moseley & Co. and Dean Witter & Co., 12,000 shares each.

Lee Higginson Corp., 10,000 shares; E. H. Rollins & Sons, Inc., 6,500 shares; Brush, Slocumb & Co., Estabrook & Co. and Spencer Trask & Co., 5,500 shares each; Ames, Emerich & Co., Inc., 5,000 shares.

Kebbon, McCormick & Co., Milwaukee Co. and Schwabacher & Co., 4,000 shares each.

Bacon, Whipple & Co., Blair, Bonner & Co., Central Republic Co., Inc. and Paul H. Davis & Co., 3,750 shares each; Riter & Co., 3,500 shares.

Equitable Securities Corp. and Loewi & Co., 3,000 shares each; Baker, Weeks & Harden, Wells-Dickey Co., Davis, Skaggs & Co., Farwell, Chapman & Co., Illinois Co. of Chicago and Watling, Lerchen & Co., 2,250 shares each.

Bankamerica Co., Jackson & Curtis, Singer, Deane & Scribner, William R. Staats Co. and Whiting, Weeks & Stubbs, Inc., 1,750 shares each.

Bond & Goodwin, Inc., Robert Garrett & Sons, Hill Brothers, W. W. Lanahan & Co., O'Melveny-Wagenseller & Durst, Stein Bros. & Boyce and Stern Brothers & Co., 1,500 shares each; Gatch & Co., Nashville Securities Co. and Stix & Co., 1,250 shares each; Alfred L. Baker & Co., Butcher & Sherrerd, Chace, Whiteside & Co., Inc., Childs, Jefferies & Thorndike, Inc., Craigmyle, Rogers & Co., Crowell, Weedon & Co., Dominick & Dominick, Francis I. du Pont & Co. and Chisholm and Chapman, Eastland Douglas & Co., Elworthy & Co., Ferris, Exnicios & Co., Inc., Johnson, Lane, Space & Co., Inc., Johnston, Lemon & Co., Kay, Richards & Co., Revel Miller & Co., Mitchum, Tully & Co., Otis & Co., Reynolds & Co., Shields & Co. and Van Alstyne, Noel & Co., 1,000 shares each.

Registration effective 1:30 p.m. EWT on June 22, 1942

Offered June 23, 1942 at $24.75 per share by F. Eberstadt & Co. and associates

RAND'S, PITTSBURGH

Rand's filed a registration statement with the SEC for $500,000 6% sinking fund debentures, due May 1, 1957

Address—225 Ross St., Pittsburgh, Pa.

Business—Company is at present time engaged in the operation of a chain of 23 retail drug stores (including one operated by the company's wholly owned subsidiary), ten of which are located in Pittsburgh, Pa., and suburbs. The other 13 stores are located in Pennsylvania, West Virginia, Ohio and Maryland

Offering—If approved by stockholders at special meeting to be held July 17, 1942, company proposes to offer to holders of its 8% cumulative preferred stock the privilege to exchange their shares for the 6% debentures on the basis of $50 of debentures for each 10 shares of 8% cumulative preferred stock ($5 par). Such offer will expire at the close of business on August 17, 1942. Stockholders accepting such offer will be entitled to receive interest on the debentures received in exchange from May 1, 1942

Underwriting—Company has entered into an agreement with Floyd D. Cerf Co., Chicago, Ill., principal underwriter, to supervise and handle the exchange offer to the approximate principal amount of $350,000; and to sell for the account of the company, at 100 plus accrued interest from May 1, 1942, an additional $150,000 of the debentures, together with any debentures not taken by the holders of the 8% cumulative preferred stock in exchange for their shares. There is no firm commitment to purchase any of the debentures. Grubbs, Scott & Co., Pittsburgh, Pa., is co-underwriter

Proceeds—The gross proceeds to be received by the company from the sale of the $150,000 debentures will be applied to the payment of an equal amount of current indebtedness

Registration Statement No. 2-5004. Form A-2. (5-29-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

Offered — $150,000 debentures offered June 24 at 100 and int. by Floyd D. Cerf Co. and Grubbs, Scott & Co.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, JUNE 25

HOTEL BARBIZON, INC.

Lawrence B. Elliman et al voting trustees filed a registration statement with the SEC for 5,305½ shares common stock of Hotel Barbizon, Inc.

Address — c/o Wolf, Block, Schorr & Solis-Cohen, Packard Building, Philadelphia, Pa. Corporation address 140 East 63rd St., New York City

To Extend Voting Trust Agreement—As the present voting trust agreement is to expire, July 24, 1942, the voting trustees feel that an opportunity should be given to the holders of voting trust certificates to extend the voting trust agreement. The proposed extension is for five years from July 24, 1942. Total number of shares of stock of Hotel Barbizon, Inc., outstanding is 5,305½, all common stock, which is the only stock of the company authorized or outstanding. The proposed extension agreement provides that it is to become effective only if the holders of voting trust certificates and of stock representing at least 33⅓% of the total outstanding stock of the corporation enter into the extension agreement, and even if so made effective, the voting trustees may cancel the extension agreement under certain conditions

Registration Statement No 2-5005. Form F-1. (6-6-42)

SATURDAY, JUNE 27

MILLER TOOL & MANUFACTURING CO.

Miller Tool & Manufacturing Co. filed a registration statement with the SEC for 198,013 shares of common stock, par value $1

Address—Detroit, Mich.

Business — Manufacturing and sale of auto service tools

Underwriting—Baker Simonds & Co.

Offering—Of total 52,238 shares will be offered by the company and 145,775 shares by certain stockholders. Offering price to the public will be $2 per share

Proceeds—Company will use proceeds from sale of stock for working capital

Registration Statement No. 2-5007. Form S-2. (6-8-42)

WESTERN INVESTORS FUND, INC. (Washington)

Western Investors Fund, Inc. (Washington) filed a registration statement with SEC for an aggregate of $1,200,000 "Series E" certificates. Agreements will be issued calling for maximum payments of $1,800, $4,500, $9,000, $13,500, $18,000, and multiples of $18,000. Statement says it is impossible to state the exact number of each that will be issued

Address—Central Building, Seattle, Wash.

Business—Investment company

Underwriting—Western Investors Fund, Inc., sponsor

Offering—Provides for periodic payments to the sponsor at the rate of $10, $25, $50, $100, or larger amounts in multiples of $100, at regular intervals over a period of approximately 15 years, or until the maximum payment called for by the plan has been paid

Proceeds—For investment

Registration Statement No. 2-5006. Form C-1. (6-8-42)

SUNDAY, JUNE 28

G. C. MURPHY CO.

G. C. Murphy Co. filed a registration statement with SEC for 90,000 shares of cumulative preferred stock, par $100 per share. The dividend rate will be supplied by amendment

Address—531 Fifth Avenue, McKeesport, Pa.

Business—The company operates a chain of 207 retail stores in 12 states and the District of Columbia, selling a wide variety of merchandise for cash and at unit prices ranging principally from 5 cents to $5, although a limited number of articles are sold at prices in excess of $5

Underwriting — Merrill Lynch, Pierce, Fenner & Beane is the principal underwriter. Names of other underwriters and the amounts they will purchase will be furnished by amendment

Offering—Company is offering to the holders of its outstanding 5% cumulative preferred stock, on a share for share basis, a total of 40,000 shares of the new preferred stock. The underwriters will purchase 50,000 shares of the proposed new preferred plus the shares not subscribed for by present preferred stockholders. Offering price to the public will be supplied by amendment

Proceeds—Net proceeds will be used to provide for redemption as of Oct. 2, 1942, of all the outstanding 5% cumulative preferred stock of the company at $105 per share plus accrued dividends which will require approximately $4,250,000 and the balance of such net proceeds will be used to increase the working capital of the company which will be applied approximately as follows: $2,000,000 to increase inventories, approximately $400,000 for additions and improvements to property and equipment, and the remainder of such addition to the working capital of the company to increase cash. The redemption of the 5% cumulative preferred will be accomplished substantially concurrently with the issue of the new preferred stock

Registration Statement No. 2-5008. Form A-2. (6-9-42)

MONDAY, JUNE 29

WESTERN INVESTORS FUND (OREGON)

Western Investors Fund (Oregon) filed a registration statement with SEC for investment certificates "Series E" of an aggregate offering price of $900,000

Address—Pacific Building, Portland, Ore.

Business—Sale of investment contracts on periodic payment plan

Underwriting—Western Investors Fund is the sponsor

Offering—Agreements will be issued calling for maximum payments of $1,800, $4,500, $9,000, $13,500 and $18,000, and multiples thereof. Statement says it is impossible to state the exact number of each that will be issued

Proceeds—For investment

Registration Statement No. 2-5009. Form C-1. (6-10-42)

WEDNESDAY, JULY 1

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with SEC for Investment Trust-Full Certificates of Participation to be known as Keystone Custodian Fund, Series "S-1," of an aggregate offering price of $199,100

Address — 50 Congress Street, Boston, Mass.

Business—Investment Trust

Underwriting—Keystone Custodian Funds, Inc., sponsor

Offering—Statement says aggregate offering price is based on 10,000 shares at $19.91 per share as of May 29, 1942.

Proceeds—For investment

Registration Statement No. 2-5011. Form C-1. (6-12-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc. filed a registration statement with SEC for Investment Trust-Full certificates of participation to be known as Keystone Custodian Fund, Series "S-3," of an aggregate offering price of $443,400

Address — 50 Congress Street, Boston, Mass.

Business—Investment trust

Underwriting—Keystone Custodian Funds, Inc., sponsor

Offering—Statement says the $443,400 aggregate offering price is based on 60,000 shares at $7.39 per share as of May 29, 1942

Proceeds—For investment

Registration Statement No. 2-5012. Form C-1. (6-12-42)

SATURDAY, JULY 4

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

103RD ST. & WEST END AVE., INC.

Edward J. Crawford et al, voting trustees filed a registration statement with the SEC for voting trust certificates for 10,748 shares of capital stock par $1 per share of 103rd St. & West End Ave., Inc.

Address—Address of voting trustees care Walter McMeekan, 18 East 48th Street, New York City

Business—Apartment building

Offering — Voting trustees recommend that the voting trust agreement dated June 20, 1932, and expiring June 19, 1942, be extended for five years to June 19, 1947.

Registration Statement No. 2-5014. Form F-1. (6-15-42)

SATURDAY, JULY 11

PARK PLACE-DODGE CORPORATION

Park Place-Dodge Corporation Voting Trust, as extended, filed a registration statement with the SEC for 9,202 shares of common stock, without par value.

Address—40 Exchange Place, New York City

Business—Owning and operating business building

Offering—The voting trust was originally established under a voting trust agreement dated as of Sept. 1, 1932 and has been extended as to voting trust certificate holders who shall become parties to the extension agreement, by an extension agreement dated June 10, 1942, for a period of ten years, that is, until June 1, 1952

Registration Statement No. 2-5015. Form F-1, (6-22-42)

SUNDAY, JULY 12

CELANESE CORPORATION OF AMERICA

Celanese Corporation of America filed a registration statement with the SEC for $35,000,000 3½% debentures, due July 1, 1962

Address—180 Madison Avenue, New York City

Business—The principal business of the corporation is the manufacture and sale at wholesale of cellulose acetate yarns and fabrics containing such yarns under the registered trade mark "Celanese" and other trade marks owned by the corporation. The corporation is the largest producer of cellulose acetate yarns in the United States. The statement says the percentage of the corporation's sales of chemical, textile and plastic products for use directly or indirectly in the production of war materials cannot be estimated accurately, but is believed to have increased rapidly. In addition, reduced imports of wool and other fibres and large use of such fibres in the war effort may increase the demand for the corporation's products for non-defense purposes

Underwriting—The principal underwriters are Dillon, Read & Co., and Glore, Forgan & Co., both of New York City. The principal amount of debentures to be purchased and the names of the other underwriters will be supplied by amendment

Offering—The public offering price will be supplied by amendment.

Proceeds—Net proceeds from the sale of the debentures, exclusive of accrued interest and after deducting estimated expenses, including certain expenses incurred in connection with the proposed issue in March, 1942, of $7,522,000 principal amount of convertible debentures (which debentures were not issued) will be applied as follows: $24,974,000 to redeem on or about the 30th day after the issuance of the debentures, at 101% of the principal amount thereof, the outstanding $24,700,000 principal amount of 3% debentures, due Aug. 1, 1955, of the corporation (exclusive of $100,000 face amount deposited with the paying agent for account of the sinking fund), and $3,000,000 to discharge the outstanding $3,000,000 face amount of 1¾% bank loans maturing serially 1943 to 1945, inclusive, of the corporation. Balance of such net proceeds is initially to become part of the corporation's general funds and as such may be applied to any corporate purposes. It is expected that an amount in excess of such balance will be applied directly or through subsidiaries to the construction and completion of plant additions and improvements and to other capital expenditures.

Registration Statement No. 2-5016. Form A-2. (6-23-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in southern states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Registration Statement has been withdrawn

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Amendment filed June 13, 1942, to defer effective date

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed June 11, 1942, to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Amendment filed June 11, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 22, 1942, to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed June 17, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100

shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2 (11-19-41 Cleveland)

Amendment filed June 19, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

Amendment filed June 22, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed May 23, 1942, to defer effective date

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 70,000 Series "K-1" full certificates of participation

Address—50 Congress St., Boston, Mass.

Business—Investment trust of fixed or restricted management type

Offering—Aggregate offering price is $893,200 based on 70,000 shares at $12.76 per share as of May 12, 1942

Proceeds—For investment

Registration Statement No. 2-5001. Form C-1. (5-27-42)

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Underwriting—E. H. Rollins & Sons, Inc., and Pistell Wright & Co., Ltd., are principal underwriters. Other underwriters are to be named by amendment

Offering—The offering price will be furnished by amendment

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

Amendment filed June 13, 1942, to defer effective date

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co. is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2 (12-26-41 Cleveland)

Registration Statement withdrawn June 18, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the compiny; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed June 12, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed June 9, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed June 18, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.3 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed June 17, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed June 10, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

T. M. Bowen Dead

Thomas M. Bowen, 42, died at his home in Des Moines, Iowa. He had been a partner in Jackley & Co., an investment house, for several years. A few weeks ago he entered the employ of the Central National Bank & Trust Co. He is survived by his wife and two sons.

Some Reactions of Security Firms to NASD Minimum Capital Proposal

(Continued from page 2389)

anyway, especially with the SEC in operation.—(From A Boston, Mass., Dealer)

DEALER No. 10

Dear Sir:

The article on the NASD Capital Requirement Amendment in the June 18th issue has been read by the writer with great interest. I am certainly against this Amendment.

About the least objectionable feature of this proposed article (No. 1, Section 1) is that it is clearly unconstitutional, illegal and immoral. Such a little thing as violating the Anti-Trust Laws has been completely ignored. The intent and future effect, without doubt, will be to make the securities business more of a monopoly than it is at present.

Dishonest acts are committed by "big" people just as much as by "little" people and in the investment industry past experience bears out this fact. As a matter of fact, in the investment business the little fellows haven't the capital or facilities to employ salesmen. Nor do they sell securities to their friends without carefully checking markets.

There are a number of young fellows aged 30 to 40 years who, having saved $2,000 to $10,000, have opened up their own offices. This has been very true in the past eight years. By real, hard work they have managed to make a living and perhaps slightly built up their capital. Most of these boys will be in the army (drafted) within another year. Their families will have to live on their accumulated capital for the next three to five years, at best. (If you have $5,000 the draft board will consider that you are financially independent). Lucky indeed will be the lad who has any capital left when he returns from serving his country.

If the soldier survives the war, and then wishes to reenter the securities business, he will find a strange paradox indeed. Having fought to set the world free he will find that his business competitors have sold him into economic bondage and that henceforth some $30 to $50 a week (if he is lucky and gets a job) will be his lot. Why should he fight the Nazi while the NASD. (Say it as one word and they almost sound alike) stabs him in the back and destroys the future of his son and grandson.

Lets look at our constitution, Article 13 (abolishment of slavery), Section 1.

"Neither slavery nor involuntary servitude, except as a punishment for crime where the party shall have been duly convicted, shall exist within the United States or any place subject to their jurisdiction."

Am I wrong in suggesting that this proposed amendment is unconstitutional? Perhaps I am. I'm not a lawyer. But it is un-American. It attempts to choke off free enterprise and stifle competition. Protection? RATS! One never needs protection from an honest man be he ever so poor.

The road to better times in the securities business isn't along a route of strangulation. What we need is more young blood with initiative and an honest desire to get out and stir up public interest.

Yours for freedom of commerce and trade.—(From A New York City Dealer)

DEALER No. 11

Dear Sir:

If money was a yardstick for the integrity and honesty of people, then all rich men would be saints and all poor people would be crooks. What in all the world has money to do with character?

If this amendment to the statutes of the NASD goes through, there is no doubt that the great majoriy of smaller brokers and dealers will be forced out of business. With them, there will pass from the scene of financial business one of the most characteristic American institutions: the small and honest broker-dealer who has built his business upon personal integrity and personal honesty. And he will take along one of the most important services rendered to the American Public in general and to the American Investor in particular.

For it is the little brokers and dealers who have created, maintained and sustained, day by day and year after year, the greater part of that vast and vital Over-the-Counter-Market within the U. S. A. It is the small houses which have gone out and and sold these securities, which have dug up buyers and sellers, have created active interests in otherwise dead or inactive issues, and which, thus, have rendered invaluable services not only to the American Investor but also to American Industry in search of capital distribution and financing. It is they who are today acting as feeders of listed business to the Stock Exchange firms and who are helping them every day in securing good markets for their customers in many a security otherwise unsalable or difficult to buy.

Aside from the fact that this move on the part of the NASD is contrary to the best tradition of American self-government and democratic self-discipline, that it is futile in its motives and ridiculous in its purposes, that it enhances the entrenchment of monopolistic tendencies within the financial community and restricts free competition and enterprise, that it gives no protection at all to the investor against dishonesty and lack of responsibility, that its very conception is a step towards totalitarian ideology (the Germans started with the Aryan paragraph) and away from the principles of free American enterprise (as is every restriction based upon and in favor of capital privileges)—aside from these facts, there is little doubt that such a move will hurt the interests of the investing public and cause serious repercussions which will be felt all over the entire financial community of this country.

But the NASD doesn't seem to care about the public in this instance. The public be damned, and with it would go the fruits of the little broker-dealer whose honesty, integrity, years of hard work, self-sacrifice and pioneering has been a real constructive force in America.—(From a New York City Dealer)

DEALER No. 12

The small, independent dealer is a vital part of the security business. To force this important element out of business by means of the proposed NASD minimum and undoubtedly increasing capital requirement is the sneakiest trick since the attack on Pearl Harbor.

Honesty, integrity and competence are not synonymous with minimum capital. Far seeing members cannot do other than reject with disgust this amendment that would classify a dealer with $2,499.99 or less as an irresponsible and dishonest member of the profession.—(From A New York City Dealer)

SAFETY PLUS GOOD RETURN ON SAVINGS
Current Rate 3½% Never Paid Less
Accounts Insured to $5,000 by Agency U. S. GOVT.
GEORGIA'S OLDEST FEDERAL
William M. Scurry, President
FULTON COUNTY FEDERAL SAVINGS & LOAN ASSN.
Ground Floor Trust Co. of Georgia Building, Atlanta, Georgia

More New Money In Savs. & Loan Assns.

The savings, building and loan associations received $92,960,000 in new money in April, according to a report issued June 20 by the United States Savings and Loan League, which pointed out that each of the three months following January saw a rise in the amount of new money coming into the associations. It is noted that April's figures are the latest available on a national scale, and the announcement says that although 9.1% less than new savings in April, 1941, this April's amount held out from current consumer purchasing power and set aside for future use was some $4,000,000 more than was saved in April two years ago. "It is natural that thrift and savings institutions should witness an upturn in the amount of new money flowing in, if the people of the country are taking seriously the urgings of the nation's political and business leaders," comments A. D. Theobald, Assistant Vice-President-Treasurer of the League. He adds:

"The war job of institutions such as ours, the life insurance companies, the savings banks and other sponsors of the postponed use of current earnings, is much larger than the sale of War bonds through our facilities, important as that job and our contribution to it are. In the final analysis the money which these trustee institutions persuade people to save in their share accounts, policies or deposits, respectively, is being kept out of the market and hence its influence on price rises is deterring rather than contributory. Besides the antitoxin for inflaton inherent in savings programs there is the fact that much of the intake of savings and loan institutions for the duration will be invested in War bonds and other Government issues, so that their receipts will help finance victory."

New York Stock Exchange Weekly Firm Changes

The NYSE has announced the following weekly firm changes:

Transfer of the Exchange membership of Norman J. Jewel to John Vanneck will be considered by the Exchange on July 2.

James A. Williamson has retired from partnership in Stein Bros. & Boyce, Baltimore, Md. Mr. Williamson made his headquarters in the firm's Philadelphia office.

Eagle Lock Co.
R. Hoe & Co.
COMMON
United Piece Dye, pfd.
Boston & Maine, 1st pfd.
•
HAY, FALES & CO.
Members New York Stock Exchange
71 Broadway, N. Y. BOwling Green 9-7030
Bell Teletype NY 1-61

Votes $42.8 Billion For Army In 1943

The House by a record vote of 352 to 0 on June 23 passed the largest appropriation bill in the history of the country—a $42,820,003,067 War Department supply bill for the 1943 fiscal year. The measure is more than $1,000,000,000 in excess of the total direct outlay for the first World War and brings total authorizations and appropriations for defense and war in the last three years to around $205,000,000,000. The appropriation is designed to maintain and equip an army of 4,500,000 by July, 1943. The largest single item in the bill is $11,316,988,910 for 23,550 airplanes and parts; this amount, it was explained, will complete the War Department's part of the President's program calling for 60,000 planes in 1942 and 125,000 in 1943.

The House Appropriations Committee in reporting the bill to the floor of the House on June 23, explained the necessity for the expenditures by quoting Lieut. Gen. J. T. McNarney, the Deputy Chief of Staff as follows: "The War Department regards our present situation as the most critical which this country has ever encountered . . . and we must avoid at all costs . . . the error of underestimating the task ahead of us."

Of the total, $12,700,000,000 was authorized to be transferred under the Lend-Lease Act, bringing to $62,944,650,000 the amount that can be transferred to countries the President deems necessary.

The President requested Congress for about $39,400,000,000 for the Army; referred to in these columns of June 11, page 2200.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 22 that the tenders for $300,000,000, or thereabouts, of 85-day Treasury bills to be dated June 24 and to mature Sept. 17, which were offered on June 19, were opened on June 22 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for—$709,632,000.

Total accepted—$301,249,000.

Range of accepted bids:

High—99.935, equivalent rate approximately 0.368%.

Low—99.913, equivalent rate approximately 0.368%.

Average price—99.914, equivalent rate approximately 0.362%.

(28% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 18 in amount of $150,435,000.

Ralph Chapin Joins Fahnestock & Co.

CHICAGO, ILL.—Fahnestock & Co., 135 South La Salle Street, members of the New York Stock Exchange, announce that Ralph Chapin is now associated with them in charge of their unlisted trading department. Mr. Chapin was previously in charge of trading for Webber, Darch & Co.

Our Reporter On "Governments"

(Continued from First Page)

has been getting a rest and, unless unforeseen developments militate against use of the long-term section, the intermediate classification will continue favored for a relatively prolonged time. . . .

The 2s of 1951/49 seem in a good position for a rise against the trend. . . . Or ahead of the trend. . . . There are two 2% loans, one dated in June, the other, in September. . . . Both are taxable, both are identical except for the three months' difference in maturity. . . . As far as price goes, the spread is restricted to 2/32nds at present. . . . So take your choice if this maturity classification fits into your needs. . . .

WELL PREPARED

When the reserve requirement picture finally is revised, the effect on the market should be exactly zero. . . . So well have various segments of the Government mart been prepared for action on excess reserves that it would be surprising if anything happened on the actual move—rather than if nothing occurred. . . . Consider, for instance, the reaction to the boost in reserve requirements last September. . . . Before the move was made, all investors and professionals had been forewarned and forearmed. . . . So when requirements actually were raised, the price level moved up—not down as might have been expected had the step been taken without preliminaries. . . .

Ordinarily, you would expect prices to rise on a cut in reserve requirements, for that has been the rule for years. . . . This time, though, every one is ready for the move right now and it isn't due for a few weeks at the minimum. . . . There isn't any surprise element left. . . . And finally, whatever extra surplus is created by the step will be invested immediately in new Government obligations—meaning that the advantage won't last long. . . .

The Federal Reserve authorities appear satisfied to keep prices around current levels. . . . The objective is not to put them up but to stabilize them for purposes of war financing. . . . There's little reason to look for any important rise in the near future, therefore. . . . And for the same reason, there's no justification for fearing an important decline in prices either. . . .

Incidentally, President Roosevelt's forecast in his budget message concerning the costs of carrying the public debt are being confirmed. . . . The President predicted that by this month, interest charges would be up to $2,500,000,000 and added, significantly, that "such an increase in interest requirements will prevent us for some time after the war from lowering taxes to the extent otherwise possible." . . .

Now the talk is the debt will be above $200,000,000,000 by late 1944—when the war may have ended. . . . That's the direct, obvious debt—and does not include the social security liability and other similar invisible obligations. . . . If this forecast is correct, the interest charges will be up to $5,000,000,000 a year. . . .

Just study those figures for a minute and you'll have another basis for expecting the authorities to attempt to maintain long-term interest rates around the current 2½% level. . . . When a debt grows that enormous, every fractional rise in interest costs means an immense addition to the carrying costs. . . . And to tie this into the Reserve Board's program, the prospect is for greater and greater manipulation of the reserve situation and of the price level as the months roll by. . . .

INSIDE THE MARKET

Positions of dealers light and well distributed between long and intermediate lists. . . .

Distribution of purchasing power of banks undergoing significant change, with West Coast banks moving into unprecedented prominence. . . . Banks in West receiving lion's share of Treasury spending, due to development of war industries in that area, using augmented deposits and reserves in Government market. . . . Holdings of Governments by banks in 12th Federal Reserve District are about 22% ahead of 1941, with informed sources predicting mounting percentage gains during balance of this year. . . .

Almost 52% of new investments of life insurance companies so far this year have been placed in Government bonds. . . . Actual figure exceeds $1,000,000,000. . . . For full year, insurance companies are expected to have $1,500,000,000 available for placement in long-term Governments, so probability is that contribution of these institutions will become smaller as year passes. . . .

Campaign getting under way to "scare out" currency hoarders, transfer billions of currency in hoarding (minimum estimate is at least $2,000,000,000 of dollars are being hoarded today; maximum runs to three and four times that conservative calculation of the Reserve Board) into war bonds and stamps. . . . This drive is of major importance. . . . If successful, it may carry war bond sales above the $12,000,000,000 annual figure now named as goal and considered insufficient by most observers. . . .

If any important changes occur in interest rates during rest of this calendar year, they'll come in the short-term market. . . . In the very short section or in maturities running up to five years. . . . Might be that Reserve Board would allow discount bill rate ceiling to rise to ½% from present ⅜% maximum. . . . Variations in short-term rates, though, would not necessitate variations in long-term rates under rigid control setup of today. . . .

Investigation indicates most conservative place for funds in last few months has been long-term—and not short-term market. . . . Despite tremendous difference in income returns. . . . None of the old, time-tested axioms for safe investment of funds seems to be holding in this war period. . . .

J. A. Ross Now With Prescott, Wright Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—James A. Ross has become associated with Prescott, Wright, Snider Co., 918 Baltimore Avenue. Mr. Ross was previously with Straus Securities Company. Prior thereto he was President of James A. Ross & Co.

Bingham, Walter Merges With Hurry, Hilgers Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—The investment business of Bingham-Walter & Co. and Hurry, Hilgers & Co. is being merged. The new firm will be known as Bingham, Walter and Hurry, Hilgers, and will have the quarters at 621 South Spring Street, formerly occupied by Bingham-Walter & Co.

Brown & Sharpe
Merrimac Mfg. Co.
Chas. Pfizer & Co. Inc.
Evans Wallower Zinc
American Airlines
$4.25 Preferred
South American Bonds
Mexican Bonds
M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-8780
Teletype N. Y. 1-1397

N. J. Bond Club Names C. Currier President

Cyrus R. Currier, of Adams & Mueller, Newark, was elected President of the Bond Club of New Jersey at the annual meeting of the club held at the Down Town Club in Newark. He succeeds Lee W. Carroll, of John B. Carroll & Co.

Ludlow Van Deventer, of Van Deventer Bros., was elected Vice-President to succeed Mr. Currier. Wilbert Campbell, of Campbell & Co., was elected Secretary, and J. William Roos, of MacBride, Miller & Co. was elected Treasurer.

James B. Kirk, of Harris, Upham & Co., was elected to serve on the board of governors for two years. Lee W. Carroll, John F. Dolan, of Spencer Trask & Co., and Stanton M. Weissenborn, of Parker & Weissenborn, Inc., were elected to the board of governors for a period of three years.

N. Y. Curb Members Approve Amendments

Members of the New York Curb Exchange on June 17 voted in favor of amendments to the constitution of the Exchange which permit the Board of Governors to (1) levy a tax of 2% on commissions (although it is the intention of the Board to charge only 1%); (2) reduce initiation fees; and (3) reduce the suspension period of delinquent members from one year to 90 days, after which the Board will appoint a trustee for the disposal of such memberships.

Approval of these changes by the Board of Governors and an explanation of their purposes was noted in these columns June 4, page 2115.

Detroit Bond Club To Elect New Directors

DETROIT, MICH.—Harold R. Chapel of Crouse, Bennett Smith & Co., President of the Bond Club of Detroit, has announced that the annual election of Directors for the forthcoming year will be held at a Cocktail Party today at 4.00 P.M. at the Savoyard Club.

Nominees are John L. Kenower, Miller, Kenower & Co.; Rolf A. Crookston, Hornblower & Weeks; Richard T. Purdy, First of Michigan Corp.; Stanley H. Wilkinson; F. C. Gallaudet, McDonald, Moore & Hayes; Howard L. Parker, M. A. Manley & Co.; William N. Adams, Braun, Bosworth & Co.

Two of the nominees will be elected for a term of three years and one for a term of one year. The three elected, together with A. C. Allen of Blyth & Co., Harold R. Chapel, Bert F. Ludington of Watling, Lerchen & Co., and Jones B. Shannon will comprise the Board for the coming year.

The nominating committee was composed of John C. Wright, Chairman, M. A. Manley, Harry E. Kerr, Fred A. Bargmann and Joseph J. McFawn, all past Presidents of the Club.

Final Edition THURSDAY In 2 Sections – Section 2

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House Group Works to Relieve Corporate Tax; Payroll Deductions For Individual Taxes

Working toward the completion of the drafting of the proposed new tax legislation, the House Ways and Means Committee this week approved measures for the relief of corporations incident to the contemplated 94% excess profits tax. Noting that the committee had tentatively decided to increase corporation excess profits rates from the present graduated scale ranging up to 60% to a flat 94%, Associated Press accounts from Washington June 19 stated Administration leaders have pleaded for a reduction in that figure, or at least a provision that part of the taxes be held as a reserve against post-war conversion needs.

Marking a reversal of its previous course the Committee on June 23, voted, 11 to 10, in favor of a post-war credit for corporations forced to pay in excess of 80% of each dollar of income falling within the category of "excess profits." As was indicated in advices to the New York "Herald Tribune" from its Washington bureau June 23, the action was a distinct victory for the Treasury Department, Donald M. Nelson, Chairman of the War Production Board, and tax experts of the committee's own staff, all of whom had warned that the committee's proposal to impose an excess-profits tax of 94% would impede the war effort and promote inflation unless complemented by a post-war credit.

With respect to the Committee's action on June 22, the New York "Times" announced from Washington that the Committee on that day refused to tax bank checks, and approved eight classes of relief to corporations which would be hard pressed under the present and proposed law.

These advices indicated that the proposed changes in the laws affecting corporations were called "technical directives," which would guide the Board of Tax Appeals in handling "special relief" cases; the advices likewise stated the committee decided to continue for three years from December, this year, the law permitting cor-

(Continued on page 2400)

FROM WASHINGTON
AHEAD OF THE NEWS

By *CARLISLE BARGERON*

The Truman Committee's latest outburst against Dollar-a-Year men has caused several Senators to look tentatively into the prominent part which young investigators have come to play in the Nation's affairs. It is something they might well look into.

In recent years, the days have been few and far between when Congressional investigating committee. No attention would be attracted to the findings of a group of private detectives or young investigators. Yet it has come to the point where these Congressional revelations are frequently based on nothing more. In short, these investigators employed by the committee are coming more and more to dominate the committee.

This was not true of the more celebrated investigations conducted by the late Senator Tom Walsh or former Senator Jim Reed. Both were natural prosecutors and while they had assistants in digging up stuff they kept full control over the course of the investigation.

It is doubtful if this is true of a single investigation now under way on Capitol Hill. Particularly it isn't true of the Truman Committee. From the beginning this committee's findings have been almost completely charted by its chief counsel, Hugh Fulton, and his staff of young and eager investigators. Only three members of the committee keep up anything like a regular attendance at its hearings—Truman, Joe Ball and Brewster. Neither Truman nor Brewster has ever been considered a heavyweight by their colleagues, and young Ball has not yet gotten onto the political mechanics and schemings of Washington. Fulton and his staff, as a result, run the committee and Truman seems content to bask in the headlines which accrue. Thus, instead of having been a constructive force on the conduct of the war, the committee has been mostly a springboard for the New Dealers' agitation. The alternative to the Dollar-a-Year men or men with a business background is a horde of $6,000 to $10,000 a year jobs held by New Dealers. This has been their steady campaign.

The funny thing about it is that Truman is not a philosophical New Dealer. In fact, the Administration threw its moral support

(Continued on page 2400)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

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THE FINANCIAL SITUATION

It is doubtless soothing to some nerves to attribute the difficulties the Treasury and the appropriate committees of Congress appear to be having in formulating and giving effect to a "sound but adequate" program for financing the war to the fact that an election is in the offing. The truth, however, appears to be that the infirmities of both the Treasury and Congress lie much deeper, but whatever the origins of their shortcomings, existing plans for financing the almost unimaginable war expenditures scheduled for the months, yes, even the years ahead fall far short of either soundness or adequacy, and the days are passing. Injury to the nation likely to be exceeded only by losing the war would probably, indeed it appears to us almost certainly, be attendant upon continued failure in this vital matter.

Where Present Plans Fail

All plans which at present appear to have substantial backing are inadequate, first of all, because they fall short of raising a sufficiently large part of the inevitable costs of "total war" from sources other than the banks. There seems to be quite general agreement in informed quarters that in order to meet the Federal deficit expected by the end of June next year, the Treasury will be obliged to call upon the banks for something like $30,000,000,000 in return for its obligations, which must, of course, be added to the already badly swollen Government portfolios of the banks. Such a burden the banks should not be expected to bear—not only for their own sakes but for the sake of us all. Should the war continue for another year after the middle of 1943, and certainly no one can have any assurance that it will not, the position of the banks on June 30, 1944 would be too precarious to contemplate. We simply must not proceed upon the assumption that the banking system will be called upon to furnish $30,000,000,000 a year to the Treasury, or any sum like it.

One of the things we should do is to raise larger sums in taxes. To raise much larger sums requires that taxes be levied upon those who in the aggregate have the tax-

(Continued on page 2395)

A Longer Look Needed

> ***The two greatest pressures on the price level today are the persistent threat of increased farm crop prices through Congressional action and the demands for increased wages which would result from such action.***
>
> ***Farm prices were pretty well in balance with industrial prices when we started this program, but the threats continue. However, we were able to cut the cost of living in May despite the fact of rises in the prices of such articles, which we cannot now control.***
>
> ***I have said all along that we need a very heavy tax program, and also some form of collection of taxes from increased incomes at their source as they are earned. However, I must say, with no intent to criticize Congress, that the tax bill, as so far drafted by the House Ways and Means Committee, does not remove the inflationary gap between national income and the amount of consumer goods available.***
>
> ***The Treasury savings program, good as it is in diverting individual income to savings instead of pressure on consumption goods, still does not fill up this gap.*—Leon Henderson.**

There is, obviously, a substantial measure of truth in what Mr. Henderson has to say. We do wish, however, that Mr. Henderson and the others would occasionally take a longer look ahead when they are on this subject of financing the war.

What they call inflation is not the only danger ahead, and our post-war difficulties may, if we are not careful, be fully as troublesome in some ways as those which beset us while the fighting continues.

Editorial—

Bring This Record Out Into The Open!

There are two main justifications cited by the National War Labor Board and its supporters in defense of its policy of ordering manufacturers to sign maintenance of membership contracts (or agreements calling for some other variation of the closed shop) with unions. One of these is the contention that organized labor has voluntarily and patriotically surrendered its chief economic weapon, the strike, and must be compensated in some way for its sacrifice. The other argument is that "constructive" and "responsible" union leadership is essential to a successful prosecution of the war—and that this leadership can only be maintained and preserved by some form of "union security," meaning the closed shop or one of its variants.

Actually, a close inspection of the record of the last few days, a record that has received scant attention in the press, will demonstrate beyond cavil that these arguments are specious. At best they are highly unrealistic and bear little relation to actual conditions. At worst, they constitute misrepresentation.

One should note at the very start that even if both arguments did jibe with the facts, the unions have actually made no important sacrifice when they supposedly gave up their right to strike. In case after case the National War Labor Board has granted the unions substantial wage increases and the union security they sought. Actually the unions have gained, not lost, as a result of supposedly abandoning the right to strike.

But scrutinize the arguments more closely and see how they square with reality. Have the unions actually given up the right to strike? Within the fortnight there was a serious laundry strike in Philadelphia—in New York, the AFL teamsters shut down the United Parcel Service which delivers for most of the city's big stores—and in Fall River a group of textile strikers defied their own unions, and the National War Labor Board as well. Despite these well-known walkouts, a national press service reported that the termination of a strike of 1,600 window glass cutters in Middle West plants halted the "first strike authorized by union heads since Pearl Harbor." This statement shows that the unions are trying to convince the press and the general public that they are keeping their pledge not to strike, that the only walkouts occurring are "unauthorized" ones. The nature of their strategy can be driven home more effectively by mentioning the course of developments in certain other strikes, which also were under way during the fortnight despite the supposed waiver of the right to strike.

Some 300 employes of the open hearth department of the Roebling steel mill in New Jersey staged a five-day sitdown to press their demands for a 25-cents-an-hour wage increase. This was supposedly an unauthorized strike, although high union officials were on the ground and freely explained to the newspapers just what the strike was all about. The walkout occurred despite the company's agreement with the union which covers all of its workers and provides definite machinery for adjudicating all grievances. This company is engaged almost 100% on war work, including the manufacture of such products as torpedo nets and de-gaussing cables.

Some 125 employees of the General Chemical Co. in Buffalo staged a five-hour sitdown strike to enforce their demands for a 15% wage increase and the union shop. A Federal conciliator persuaded them to abandon the sitdown.

In the Chrysler tank arsenal and in the De Soto gun plant near Detroit, union workers have been reported engaging in several short sitdown strikes—reportedly to demonstrate their power, and to back up their demands for union security.

More serious with regard to time lost, however, was the so-called "unauthorized" strike in the Lukenweld division of Lukens Steel Co. at Coatesville, Pa. Here, a union leader suddenly ordered the men on the 4-12 shift to leave their jobs. This strike spread to the other shifts and made about 900 of the company's men idle although many started going back to work the next day. For the first two days of this strike, union leaders never even presented any demands whatsoever to the management, and national union leaders explained that it was an unauthorized strike. During the third day of the dispute, however, the union placed a picket line across the gates, thus ending the fiction that the strike was unauthorized. The men went back to work after Federal conciliators arranged a series of conferences on the points at issue, chiefly the incentive pay system in the plant. This strike, too, violated contractual arrangements with the union, which called for the adjudication of all grievances by arbitration, if necessary, and interrupted the production of submarine machinery, and other equipment for Navy combat ships.

The list could be extended. There was the "unauthorized" strike in the plants of the Pullman-Standard Company, busily making freight cars so sorely needed by the railroads. There was the "unauthorized, spontaneous" strike against the J. H. Williams & Co., drop-forge plant in Buffalo, the "holiday" in the plants of the Pittsburgh Equitable Meter Co., the six-day, unauthorized strike in the Point Pleasant shipyard of the Marietta Manufacturing Co., the two-day, illegal sitdown in the open hearth department of Lukens Steel Co., and then there was the illegal strike at the Navy's Detroit Arsenal operated by the Hudson Motor Co. In Cleveland there have been four illegal unauthorized strikes within the past three weeks at the plants of Lambert & Sessions, Aluminum Co. of America, Standard Tool Co., and Cleveland Graphite Bronze Co. Each and every one of these strikes tied up and delayed the delivery of war material needed on all our fighting fronts.

What do all of these cases add up to? In the first place, they show the unions clearly have not given up their right to strike. In the second place, they show that union leaders either acquiesce in illegal and contract-infringing sitdown strikes and other work stoppages with the intention of wringing from employers such concessions as the union shop or maintenance of membership—or that the leaders are powerless to control their members and prevent them from resorting to such tactics.

Finally, it is apparent that union leaders are not disturbed in the slightest by the occurrence of these violations in industries most directly concerned with the production of combat equipment for the war effort.

Obviously the fiction that organized labor has surrendered its right to strike simply cannot be maintained. Moreover, it is flatly ridiculous to speak of "constructive and responsible" union leadership, when that union leadership flouts its obligation to the nation's war effort, flouts the no-strike pledges of the top CIO and AFL executives repeated shortly after Pearl Harbor, and flouts its contracts with management as occurred in the cited Roebling, General Chemical, Chrysler, and Lukens cases.

Probably all of these employers may shortly be before the War Labor Board facing demands for the closed shop or its equivalent. At that time can the WLB tuck its tongue in its cheek and talk about the need of preserving union responsibility in those plants? It cannot, if the present occurrences are known to the public.

Bring the record of the union leaders in fulfilling their pledges out into the open.

The State Of Trade

Business activity continues to show gains, with electric output and Detroit industrial activity showing substantial increases.

Steel production in the United States is scheduled this week at 98% of capacity, indicating output of 1,664,600 net tons of ingots, the American Iron and Steel Institute reported. The industry operated last week on a 98.3% basis, with an output of 1,669,700 tons.

A month ago operations were at 99.6%, and output on a weekly basis of 1,691,800 net tons. For the week beginning June 22, 1941, production was 1,612,300 tons.

For the week ended June 13, the electric utilities industry distributed 3,463,528,000 kilowatt hours of electrical energy, it was reported by the Edison Electric Institute. This represented an increase of 11.7% over the corresponding week last year. It also was slightly higher than the 3,372,374,000 kilowatt hours reported for the previous week.

Loadings of revenue freight for the week ended on June 13, totaled 832,726 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 21,963 cars from the preceding week this year, 30,248 cars below the corresponding week in 1941 and 119,805 cars above the same period two years ago.

This total was 126.34% of average loadings for the corresponding week of the ten preceding years.

Engineering construction volume for the week totals $155,670,000, a decrease of 59% from the preceding week, and 10% under the total for the corresponding 1941 week as reported recently by the "Engineering News-Record."

Public construction, which accounts for 93% of the total, is 61% below last week, and 7% below last year. Private work tops the preceding week's volume by 91%, but is 40% lower than a year ago.

The current week's construction brings 1942 volume to $4,746,455,000, an increase of 76% over the total for the 25 week period last year.

Private work, $33,688.000, is 54% lower than in the period a year ago, but public construction, $4,412.767.000, is 123% higher as a result of the 207% gain in Federal work.

Continued spottiness in wholesale and retail trade indicates that modest upturns here and there have not fanned out into a general recovery, Dun & Bradstreet says. Activity improved slightly, yet there were no signs of resumed buying on a large scale. Civilian goods output declined steadily as industrial production and employment continued to gain.

Father's Day and bridal promotions elicited good buying, yet failed to revive sales on a broad scale.

The policy of holding inventories in check continued to restrain forward buying in many lines. Moderate volume of advance orders contrasts sharply with heavy demand at this time a year ago, observers state.

The OPA has gone on record as expecting a sharp decline in retail sales during the final quarter of this year, for inventories will be severely curtailed by then and replacements of numerous articles will become progressively more difficult to obtain.

David Ginsburg, chief counsel of OPA, told the National Retail Dry Goods Association this week that unit sales in the final quarter of this year will be 15% under those of the first quarter. This would indicate a far sharper decline from the last quarter of 1941. However, this estimate includes durable goods, so that a much milder decline should occur in sales of stores selling chiefly non-durable items.

Corporate profits after reported tax deductions dropped off about 8% in the first quarter of 1942, on a seasonally adjusted basis, following an uninterrupted and substantial increase during 1940 and 1941, according to an article appearing in the forthcoming issue of the "Survey of Current Business," a monthly publication of the Department of Commerce.

The decline in the seasonally adjusted index of corporate profits, it is stated, resulted primarily from provisions for an expected increase in taxes, and to a lesser extent, from stoppage of automobile production at the end of January.

Wartime government subsidies are receiving increasing consideration in Washington.

The Senate will soon have before it a measure to subsidize retailers and producers who have been hard-pinched by the price ceilings. Such legislation is now being framed by the OPA and the RFC at the request of the Senate Banking and Currency Committee.

There is increasing discussion in WPB, too, about the desirability of tiding over small concerns that have been forced to curtail by WPB order. Many such firms will never be fitted into the war production program, and face insolvency unless aid is provided in the form of war orders or subsidies.

Business spokesmen are not enthusiastic about the prospect of subsidies, and are not likely to press the matter because of fears that strings inevitably must attach to such subsidies.

The oil industry, for example, objects to subsidies because of fears that the Administration later might seek to control the entire industry.

Failure of Congress to legislate funds for subsidies poses a serious dilemma for the OPA. While the agency is determined to prevent a rupture of price ceilings it cannot stand by and permit producers and distributors to be squeezed inequitably. Congress undoubtedly will be asked to reconsider its previous stand on subsidies.

The establishment of labor-management committees in ten General Electric plants brings to 900 the number of plants participating in the War Production Drive, it was announced at War Production Drive Headquarters.

With this participation in force of General Electric plants, all of the three largest electric manufacturers are engaged in the drive to increase war production. There are labor-management committees in 25 Westinghouse plants and in three Western Electric plants. One General Electric plant established a committee earlier, bringing to 11 the number of its plants in the drive.

Newsprint Output In May Down 11% From Year Ago

Total North American newsprint production in May was 356,866 tons, compared with 404.405 tons a year ago, a decline of 11.8%, according to figures issued by the News Print Service Bureau. The five months total output, however, was still slightly ahead of the same period of 1941 — 1,954,819 tons, as against 1,926,212 tons.

Canadian production of newsprint in May amounted to 251,831 tons and shipments to 266,443 tons. Production in the United States was 80,040 tons and shipments 76,612 tons, while Newfoundland's output totaled 24,995 tons and shipments 28,725 tons.

The five months Canadian production was 67,975 tons, or 5% above 1941 period, while the United States output was down 29.639 tons, or 6.8%, and Newfoundland's production was 9.729 tons, or 6.7% below a year ago.

THE FINANCIAL SITUATION

(Continued From First Page)

paying powers left to meet the needs of the situation. This in turn means reaching down into the lower income groups where earnings have already increased at an unprecedented rate and will doubtless further increase. This can be done by means of withholding or similar taxes and, in addition, by sales levies. We have already "soaked the rich" and the middle income groups to the point where there is relatively little left to get from them. Calling now upon the lower income groups in a serious way is, moreover, essential if we are to do what is possible to relieve the pressure otherwise certain to arise from more spending money and less goods on which to spend it. But however this latter may be, we must pay a larger share of the war costs as we go, and to obtain the funds necessary for that purpose the Treasury must seek them where they are to be found. It is precisely this that both the Treasury and Congress seem to be most loath to do—as attest current schemes which would simply heap further burdens upon those already paying most of the taxes.

The Humanitarian Argument

To those who oppose such procedure upon humanitarian grounds, the obvious reply is that it is the least of several evils. If we do not somehow raise the funds needed we may lose the war. If we raise the required funds without due regard to the inevitable consequences, we may well wreck our banks, ruin our credit, and debase our currency. Indeed we should be more or less certain to do so. None of these latter developments could well fail to injure wage earners and low-salaried office workers more than the payment of (for them) high taxes now out of enlarged income. We are now at "total war" at many points on the globe and there is no way under the sun whereby any of us can avoid paying the high cost of it in one way or another.

A False Footing

But it is not only in failing to raise sufficient funds from the proper forms of taxation that the current program of the Treasury falls short of the mark. It is carrying over into the work of raising heaven knows how many billions of dollars through loans its always unsound ideas of keeping the interest rates it pays at exceedingly, artificially, and even almost ridiculously low levels. Any one who things carefully about the situation for a very few moments must come to the conclusion that to undertake to finance this unprecedentedly expensive war upon a 2½% interest rate is a hazardous, not to say foolhardy procedure. It is true, of course, as every one knows, that past policies in these matters have placed the Treasury in a trying position. There are in the hands of many different kinds of investors, insurance companies, savings banks, corporation treasuries, and particularly the commercial banks, many, many billions of dollars of Federal obligations which have been lodged in their present resting places at abnormally high prices.

It would be hazardous in the extreme to disturb greatly the general price level of outstanding Government obligations, and, of course, a complete cessation of so-called easy money tactics and just plain "rigging" of the market for Government obligations, or the offering of large amounts of closely similar obligations at much lower prices could scarcely fail to disturb the market for existing obligations. Yet it is essential that sooner or later the market be placed upon a more natural footing. It is not likely that we shall be able to go through this war if, as now appears likely, it is a long drawn-out affair, upon the basis of a highly "managed" Government market. There are still substantial idle funds in this country which could be called to work with a long term issue offered upon an attractive yield basis. The Treasury should employ some of its vaunted cleverness in finding a way to get the market, or at least substantial portions of it, upon a surer footing without unbearable disturbance to the institutions which now depend upon Treasury obligations for their solvency.

Reckless Procedure

The war financing program is sorely deficient in still another respect. It is in far too great a degree making use of what for practical purposes are demand obligations sold under pressure to large numbers of individuals who are being given the impression that the need for saving will end with the firing of the last gun. If the Treasury succeeds in plans for these types of obligations there will be twenty-odd billions of them outstanding by the middle of next year, and not far from thirty-five billions of them in the hands of the rank and file by the middle of the following year, if, as we must assume in planning such a program, the war continues that long. It is, of course, an excellent thing to have the people finance this people's war, so far as feasible, out of their own pockets. It is, however, hardly a wise procedure to arrange that financing so that huge quantities of the obligations may well come back to the Treasury against demands for cash upon the conclusion of peace. On the contrary, it appears to us to be most imprudent to do so.

Lest we be misunderstood, let it be clearly stated that nothing said here is to be interpreted as suggesting that the commercial banks should be put under pressure to absorb long-term Treasury obligations. On the contrary, there are sound and sufficient reasons, well understood by the intelligent banker, why the commercial banks should carefully refrain from becoming involved in long term obligations. It would, of course, be foolish to consider the shortest term obligations of the Treasury "liquid" in any true sense of that word, but they are less affected by market movements, can more feasibly be held to maturity, and are generally much more suitable for holding by institutions which must always be in readiness to meet the requirements imposed by the movement of funds from one part of the country to another or from this country abroad. In the degree that the commercial banks must come to the aid of the Treasury—and doubtless they must even under the wisest Treasury management—they should be provided the opportunity to take securities suitable to their needs.

It should, however, be the aim of the Government to call upon the banks for war financing only when all other sources have been exhausted. The other sources have not as yet been by any means thoroughly exploited, and there is little to indicate that they will be.

Wage-Hour Chief On "Overtime" Decisions

The significance of the opinions of the Supreme Court in the two decisions handed down on June 9 was pointed out on June 15 in a statement issued by L. Metcalfe Walling, Administrator of the Wage and Hour and Public Contracts Divisions of the United States Department of Labor, in response to inquiries. Mr. Walling's statement follows:

> In Overnight Motor Transportation Company v. Missel, the Supreme Court made it abundantly clear that the overtime benefits of the Fair Labor Standards Act are limited neither to that marginal group of workers who are paid wages at or near the minimum rates prescribed in the Act, nor to employees who happen to be compensated on an hourly basis. The Court held that salaried workers who are employed in interstate commerce or in the production of goods for interstate commerce must be compensated for weekly hours in excess of 40 at not less than one-half times their regular rate of pay, and that the regular rate for this purpose is to be computed through dividing the weekly wage by the number of hours worked in the particular week, where the employment contract is for a fluctuating workweek. This is the method of computation which has heretofore been approved by the Wage and Hour Division.
>
> However, in Walling v. A. H. Belo Corporation, the Supreme Court ruled by a 5 to 4 decision that the "regular rate" on which overtime must be paid could be fixed by a contract between the Dallas "Morning News" and its employees.
>
> It is expected that a considerable amount of litigation will be necessary before the contours of the Belo decision are fixed, since the Court stated that it could not "provide a rigid definition of regular rate when Congress has failed to provide one."
>
> I believe it only fair to warn that the Court in the Belo decision was passing on the particular state of facts before it and that generally the Division will continue to be guided by the broader interpretation contained in Overnight Motor Transportation Company v. Missel.

The announcement of the Wage and Hour Division points out that the Solicitor of Labor and his staff have begun a legal analysis of the decisions with a view to guiding the Division in its formulation of an appropriate administrative policy insofar as this may involve a deviation from the advice heretofore given by the Administrator through interpretative bulletins.

The Supreme Court decisions were referred to in our June 18 issue, page 2313.

OPA Ceilings Check Rise In Living Costs

For the first time since November, 1940, the steady rise in living costs has been checked as a direct result of the general ceiling on retail prices established on May 18 and the accompanying measure to reduce rents, Price Administrator Leon Henderson asserted on June 18.

Commenting upon a special study by the Bureau of Labor Statistics of living costs in 21 cities for the period from May 15 to June 2, Mr. Henderson stated, "The first returns are in. They are good. They show that at last the upward movement in living costs has been checked and that they actually declined slightly in the period under study. The survey demonstrates that if we are really serious about it, the battle against inflation can be won."

The Price Administrator further stated:

> But that battle is not won yet. If future reports are to be as good, we must have the unremitting vigilance of everyone. To hold living costs stable is the people's battle. The people must be on guard, and I may say they are not yet sufficiently on guard. Our experience during the first month of general price regulation has shown us all too clearly that there are still a few people who do not believe in keeping down the cost of living as a part of the war job, or who would like to see controls applied only to the other fellow. There are some who would like to see the administration of this program hamstrung or crippled. I feel certain that public opinion will scuttle the efforts of these groups, but the public must be vigilant.
>
> It is our good fortune that those who are opposed to price control are a small minority. During these first early weeks we have had the enthusiastic support of the great majority of manufacturers, wholesalers and retailers. These people have gone to work with a will to make the program succeed.
>
> The program for the months ahead is one of joint effort by consumers, retailers, wholesalers, manufacturers and the Government to see that the provisions of the General Maximum Price Regulation are followed scrupulously. We have seen what this regulation can do to hold down prices. We must all join to see that it works as well in the future. It is the job of everyone to see that the ceiling prices are rigorously observed.
>
> We must also backstop the ceiling by seeing that the buying power of the country is brought down to levels approximating the supply of goods and services that are available. This means that we will have to have increased savings, greater purchases of war bonds, larger diversion of incomes into taxes, repayment of debts and stabilization of wages and of farm prices not covered by the price law. With these additional steps, we are bound to succeed.

The Bureau of Labor Statistics study shows that the increase in living costs, which has mounted 17½% since the outbreak of the war in Europe, stopped in its tracks during the May 15-June 2 period, and actually declined 0.1% on the average for the 21 cities surveyed.

The greatest decline came in rents, which dropped 1.2% as the result of, or in anticipation of, rent regulations setting inflated rents back to earlier dates

Greater New York Fund Campaign Under Way

Questions of vital importance to business, industry, the professions, finance and labor were discussed by Thurman Arnold, Assistant Attorney General, and John W. Hanes, former Under Secretary of the Treasury and Chairman of the 1942 campaign of the Greater New York Fund, at the recently-held third progress luncheon of the fund. Eight hundred volunteer workers, leaders in business and the professions, attended the luncheon at which Mr. Hanes announced that the Fund's campaign to date had raised a total of $3,801,556. This is the largest amount raised by the Fund for this period in any of the five years of its life, except last year. The Fund's goal is $5,000,000 and Mr. Hanes declared that he will not stop work until that sum has been reached or bettered.

He made a strong plea for a community chest for New York City. He declared that James G. Blaine, President of Marine Midland Trust Co., and known as the "Father of the Fund" and its President for the first four years of its life, and James A. Farley, former Postmaster General and last year's campaign chairman, as well as city and State officials and leaders in the business and professional life of New York, are unanimous in the opinion that a combined drive for the support of local charity institutions is vital, especially now during the war, to the prosperity and morale of the people.

Mr. Hanes said that if it does not seem advisable at present to have all public appeals merged into one, all should be eliminated except two — "one, which would unite all war appeals, and one a chest to provide support for local charities."

Assistant Attorney General Arnold seconded Mr. Hanes' appeal for a united fund raising effort, declaring: "I have come all the way from Washington to do the unusual thing for me—plead for monopoly—a monopoly of all your efforts as soon as possible."

Mr. Arnold praised the work of the Greater New York Fund and cited it as a symbol of the fact that private industrial enterprise, not regulated by government, is the best sort of an organization to fill the needs of the community.

House Passes Bill Providing For Voluntary Adjustment Of Railroad Obligations

The McLaughlin Bill, to provide for the voluntary adjustment of railroad obligations, was passed by the House on June 16. Representative McLaughlin, the author of the bill, and Chairman of the Committee on Reorganization and Bankruptcy of the House Judiciary Committee, stated in the House on June 15 that the bill re-enacts Chapter 15 of the Bankruptcy Act (the so-called Chandler Bill) providing for voluntary readjustments of capital structures of railroads. With respect to the bill introduced by him Representative McLaughlin had the following to say in part in addressing the House on June 15:

> It [the bill] comes to the House with the unanimous approval of the Committee on the Judiciary. Hearings were held and numerous witnessed appeared and testified, and other witnesses filed written statements and briefs. No one appeared in opposition to the measure. However, several amendments were suggested by those who testified and these amendments were carefully considered by the Subcommittee on Bankruptcy and Reorganization and by the full Judiciary Committee.
>
> This bill has to do with railroads which do not need the complete reorganization afforded by Chapter 77 of the Bankruptcy Act. It was originally enacted in 1939 to enable railroads which were in need of minor adjustment of their financial structures to bring about such changes by voluntary agreement. It has worked excellently in the two outstanding cases in which resort has been had to it, namely, the Baltimore & Ohio Railroad case and the Lehigh Valley Railroad case. These reorganizations have been completed and everyone concerned is thoroughly satisfied with them.
>
> Witnesses who have appeared at the hearings on this bill—H.R. 7121—have pointed out the beneficial results accomplished in those two cases and in other cases in which reorganizations were effected through Chapter XV proceedings.

As to the provisions of the bill we quote the following from June 16 advices to the New York "Journal of Commerce" from its Washington bureau:

> The bill, in its present amended form, would provide aid for carriers which are not in need of the complete reorganization as is available under Section 77 of the Bankruptcy Act, but find it necessary to obtain some modification of their outstanding financial structure.
>
> Any railroad desiring to effect an adjustment of certain of its obligations, as well as modification, or postponement, of certain of its maturing obligations or of its capital structure, under the provisions of the bill, will prepare a plan of adjustment to be submitted for assent of the creditors involved.
>
> Following receipt of approval from a minimum of 25% of the creditors, the bill authorizes the railroad to submit the proposed plan to the Interstate Commerce Commission for consideration. Should that body approve the plan, the Commission is empowered to issue orders to carry out the proposals embodied in the plan.
>
> The new bill requires approval of but 25% of the affected creditors in contrast with the previous Chandler Act which required approval of two-thirds, in order to enter the reorganization plan in the Federal District Court. Following that action it was further required to obtain the consent of 75% of the holders in order to obtain ICC certification.

The text of the Chandler Bill as enacted into law in 1939 was given in our issue of Aug. 26, 1939, page 1235.

Defer Conventions, Fairs Urges ODT Head

Deferment for the duration of all meetings, conventions, and group tours which are not closely related to furtherance of the war effort was called for on June 19 by Joseph B. Eastman, Director of Defense Transportation. Mr. Eastman asked also that all state and county fairs be postponed. He also advised that attendance at meetings which are closely related to the war program should be skeletonized. Pointing to the steady rise in the volume of passenger traffic on railroad and bus lines, Mr. Eastman appealed to the American people voluntarily to impose certain restrictions on their travel. "Vacations," he said, "should be staggered throughout the year, and vacation travel should be scheduled so that trips would neither start nor terminate on week-ends. Private passenger cars should not now be used for extensive vacation travel," he added. "Do not travel, aside from vacations, for mere pleasure or when travel can readily be avoided," Mr. Eastman said. "If the American people will voluntarily impose certain restrictions upon their travel such as have been indicated, there is good reason to hope that no drastic control over travel will be necessary." Mr. Eastman made the statement that "it is difficult to forecast the future with any accuracy, but it is clear that travel as usual is out for the duration." He further said:

> The volume of passenger traffic on railroad and bus lines is rising steadily and is now about 50% greater than last year.
>
> Hundreds of thousands of troops who must be moved over long distances have first call on our passenger facilities. Troop movements have been heavy, but they are constantly increasing and will be much heavier. The volume of necessary business travel is also rising.
>
> * * *
>
> Moreover, railroad facilities are being put to great strain in the handling of the heavy volume of freight shipments which result from the rising war production, dislocation of ocean shipping, and war activities in regions where hitherto traffic has been sparse. Obviously the movement of essential freight traffic must take precedence over all passenger traffic which is not involved in the war program.

The American people were accordingly asked by the ODT to voluntarily impose the following restrictions upon their travel:

1. Defer all meetings, conventions, and tours of groups not closely related to the furtherance of the war effort, since such mass movements interfere with regularly scheduled traffic and frequently require the use of extra equipment.

In the case of meetings closely related to the war effort, attendance should be skeletonized along the lines of the splendid example set by the American Legion in its forthcoming convention.

2. Postpone all State and county fairs. Farmers should not be encouraged to use, for non-essential purposes such as these, the tires which are so necessary to their livelihood and so necessary to provide a continuing food supply. Nor should they transfer the burden of such travel to public carriers.

3. Vacations are desirable from the standpoint of public health, efficiency, and morale, and vacation business has furnished a means of livlihood to many people in various parts of the country. Clearly, however, private passenger cars should not now be used for extensive vacation travel, and if such travel should be concentrated in large volume on the railroad and bus lines during the summer months, there is danger of serious congestion. Business organizations and other employers should stagger the vacations of employees throughout the year so far as practicable and, to reduce week-end traffic congestion, encourage their employees to leave and return from vacations during the middle of the week.

It may be that in certain parts of the country there will be less congestion of passenger travel than in others. Therefore, those planning vacations should consult agents in advance as to the prospects for travel over the lines which they contemplate using. Travelers cannot count on normal service, for delays, crowding, and scarcity of accommodations will occur as a result of heavy travel, and on some lines more than on others. Those who undertake vacation travel must expect and be ready to endure such discomforts.

4. Do not travel, aside from vacations, for mere pleasure or when travel can readily be avoided. The railroad and bus lines have taken commendable action in eliminating inducement fares, advertising intended to stimulate travel, excursions, and the operation of special trains to recreational events and meetings.

According to the New York "Herald Tribune" of June 20, George K. Dahl, editor of "World Convention Dates," pointed out on June 19 that all patriotic Americans are in agreement with Mr. Eastman on halting non-essential traffic, but, he added, "we fear very definitely that the vague generalities of his statement on the subject may hamper the war effort by obstructing conferences and other gatherings which clearly come within the realm of his approval." From the same paper we also quote in part:

> The "vagueness" of the request, Mr. Dahl said, still leaves the question of whether to proceed with conventions "in the laps of the sponsoring associations, surrounded by uncertainties and qualms."
>
> Mr. Dahl said that his publication less than a month ago, at the request of the Department of Commerce, made a survey which established that of the 20,323 conventions held annually in the United States 10,773 are conducted by trade associations and professional societies.
>
> Emphasizing that business and professional conventions today are "work sessions, not junkets," and provide "an indispensable forum for the discussion of war-related, war-engendered problems," he said:
>
> "When Mr. Eastman speaks of a convention, he apparently means the type commonly associated with the American Legion, the Elks, the Odd Fellows, the Shrine and other fraternal and patriotic organizations. Clearly, what he says excludes such work-a-day groups as the Society of Automotive Engineers, whose Detroit sessions were so 'war-related' that the Army, the Navy and the FBI guarded the doors to exclude non-members; the National Electrical Manufacturers Association, which co-operated in staging the first Priorities School; the National Retail Dry Goods Association, now up to its ears in conferences to explain OPA regulations; the American Management Association, whose production conference was so 'war related' that it was used as a springboard for a short-wave radio broadcast to Axis and Axis-occupied countries."
>
> Mr. Dahl said Mr. Eastman's reference to "mass movements" in connection with conventions is "wide of the mark." More than half of all the conventions are attended by fewer than 300 persons, and 83% of them bring out fewer than 500 persons, he reported.

Living Costs In Large Cities Decline Slightly As Result Of Price Regulation

"After 19 months of increase, the cost of living in large cities on June 2 was slightly lower than on May 15," Secretary of Labor Perkins reported on June 15. "This is the first time that the index of the cost of living has shown any decrease since November, 1940," she said. "The stabilization of the index in this period represents in large part a balance between increases in the prices of certain foods which are not subject to control and decreases in prices of controlled foods, clothing, housefurnishings, and rents in some areas. There was a net advance of 0.8% in total living costs between mid-April and mid-May, but a drop of 0.1% between mid-May and the beginning of June," said Miss Perkins, who added:

"Average living costs of wage earners and lower-salaried workers in large cities were 10.8% higher on June 2, 1942 than on June 15, 1941 and 15.9% higher than the average for the five years 1935-39. The net advance from the outbreak of the war in Europe to June 2 of this year is 17½%."

The special survey upon which these figures for June 2 are based was made by the Bureau of Labor Statistics in order to ascertain the immediate effect of the General Maximum Price Regulation, which became applicable in retail trade on May 18. The order provided that prices of most of the goods purchased by moderate-income families be reduced to the highest level that prevailed in March.

The Labor Bureau's announcement further said in part:

Clothing and Housefurnishings

"Clothing prices reached a peak during April, and by June 2 had declined 0.8% below the average April 15 level. June 2 costs remained, however, almost 2% above those on March 15, but the reports available do not indicate how far prices rose in the latter part of March.

"All articles of clothing are covered by the Maximum Price Regulation effective May 18, which required the return of prices to the highest level prevailing in March. In many cases, retailers brought their prices to ceiling levels even before the regulations became effective. Between April 15 and May 15, a drop in clothing costs was shown in 13 of the 21 cities surveyed and between May 15 and June 2, decreases were reported from 17 of these cities."

Rents

"Sharp declines in rent, required in a few large cities by the Office of Price Administration, cause the average for large cities in the United States to decline 1.2% between May 15 and June 2. This drop brought the average for large cities in the United States to a level of 0.6% below that of mid-April."

Food

"Between April 15 and May 15, the food costs of wage earners and lower-salaried workers rose by 1.7%. Between May 15 and June 2, there was a further advance of 0.3%. The latter increase was primarily due to higher prices for fresh fruits and vegetables, lamb, and poultry, which are exempt from control. (Most fresh fruits and some vegetables usually advance at this time of year). Prices of most meats and packaged foods dropped substantially. While those declines were not enough to offset the advances on the average for the 21 cities combined, a net drop in food costs occurred in the two weeks following the effective date of the price order in about half of the cities surveyed.

"The Maximum Price Regulation which was effective May 18 applies to about 60% of the food bill of the moderate-income city family. Section 3 of the Emergency Price Control Act passed by Congress on Jan. 29, 1942 provides that prices of agricultural commodities shall not be fixed until their value in exchange to the farmer shall be at least 10% higher than their average value in the years 1909 to 1914, that is until they have reached 110% of what is known as their parity price. Because of this limitation, no price ceilings are being placed at present on butter, cheese, eggs, poultry, mutton and lamb, evaporated and condensed milk, flour, loose corn meal, citrus fruit juices, dried prunes and dried beans. Fresh fruits and vegetables (except bananas) and fresh fish and sea food are also exempt from the price order, because of the serious administrative difficulties which would be involved in regulating prices of foods which vary so greatly from season to season in quantity and character."

Fuel, Electricity and Ice

"Between April 15 and May 15, the price of coal rose in most of the cities in which it is in general domestic use, with a few exceptions such as New York and Mobile. From May 15 to June 2, there were still further increases. The price of bituminous coal is not subject to the General Maximum Price Regulation, but to a special price ceiling issued on the same date, which sets specific ceiling prices for the different grades and sizes in each producing area. These coal ceilings are not tied to the maximum March levels.

"Fuel oil prices, which are under the General Regulation, remained stable in the latter half of May, following an increase between April 15 and May 15 in cities on the Northeastern seaboard.

"Rates for gas and electricity, which are not subject to control by the Office of Price Administration, remained generally stable throughout the period, except for increases in the cost of gas in San Francisco and Cincinnati, a decrease in gas rates in New York, a reduction in charges for electricity in Houston."

Zionist Leader Praised

Dr. Chaim Weizmann, British scientist and President of the World Zionist Organization, was honored at a testimonial dinner at the Waldorf-Astoria Hotel, New York City, on June 10 on the occasion of the completion of 30 years leadership. Among those sending congratulatory messages were President Roosevelt, Viscount Halifax, British Ambassador to the United States; Frank Knox, Secretary of the Navy; Wendell L. Willkie, Governor Herbert H. Lehman, and Mayor F. H. LaGuardia.

President Roosevelt expressed his "high appreciation of Dr. Weizmann's scientific and humanitarian achievements during the course of his long and distinguished career."

Federal Reserve Board Reports Industrial Activity Showed Further Increase In May

The Board of Governors of the Federal Reserve System reported on June 19, in its summary of general business and financial conditions that industrial activity continued to advance in May and the first half of June. Commodity prices showed little change after the middle of May when the general maximum price regulation went into effect. Retail trade declined further in May but increased somewhat in the first half of June. The Board's summary continues:

Production

"Volume of industrial production increased in May and the Board's seasonally adjusted index advanced to 176% of the 1935-39 average, as compared with 173 in April and 171 during the first quarter of this year. Output of manufactured products continued to increase, reflecting chiefly further growth in production of war materials, while mineral production showed a seasonal rise.

"The largest increases in May, as in other recent months were in the machinery and transportation equipment industries which are now making products chiefly for military purposes. The amount of copper smelted rose sharply and output of chemicals continued to advance. Activity in the automobile industry, which since January had been retarded during the conversion of plants for armament production, showed an increase in May.

"Steel production was maintained at about 98% of capacity in May and the first half of June. Lumber production increased seasonally and activity at furniture factories, which usually declines at this time of year, was sustained at a high rate. In industries manufacturing textiles and food products, output continued large in May. Gasoline production declined further, however, reflecting the effects of transportation difficulties. There was a further marked decrease in paperboard production which, according to trade reports, reflected a slackening in demand.

"Coal production was sustained at a high rate in May and output of crude petroleum increased somewhat, following considerable declines in March and April. Copper production and iron ore shipments rose sharply to new record levels.

"Value of construction contract awards increased sharply in May, following a decline in the previous month, and was close to the record high level reached last August, according to figures of the F. W. Dodge Corp. Awards for publicly financed work increased in May and, as in other recent months, constituted around three quarters of the total. Awards for residential building continued to decline.

Distribution

"Retail trade declined further in May. Department store sales were about 7% smaller than in April and sales by mail-order houses showed a similar decrease. In the first half of June department sales increased somewhat.

"Carloadings of revenue freight increased in May by about the usual seasonal amount. There was a further substantial decline in the number of cars loaded with merchandise in less than carload lots, reflecting the effect of Federal orders raising the minimum weights for such loadings. Increases were reported in shipments of most other classes of freight, particularly coal, ore, and miscellaneous freight.

Commodity Prices

"Prices of most commodities both at wholesale and retail showed little change after the general maximum price regulation went into effect around the middle of May. Declines occurred in prices of cotton and some other agricultural commodities, and prices of some industrial commodities were reduced to conform with the general order that prices should not exceed the highest levels reached in March. Action was taken to exempt most military products from the general regulation and to allow for special treatment of women's coats and dresses and a few other non-military items.

Bank Credit

"During May and the first half of June, the Federal Reserve Banks purchased about $200,000,000 of United States Government securities. Additions to member banks' reserves from this source, however, were offset by continued withdrawals of currency by the public. Excess reserves fluctuated around $2,700,000,000 during the six-week period.

"Reporting member bank holdings of United States Government securities increased by nearly $1,000,000,000 during the period. Two-thirds of the increase came in the week ending May 20 with delivery of new Treasury 2% 1949-51 bonds, and the balance represented mainly increased bill holdings. Loans declined somewhat in the period. Adjusted demand deposits continued to increase, while United States Government deposits were reduced.

United States Government Security Prices

"Prices of taxable United States Government bonds, which declined by about ½ point at the time of the early May financing, subsequently regained that loss and during the first half of June remained steady."

Nat'l Foreign Trade Council Will Meet

The National Foreign Trade Council announces that its 29th annual National Foreign Trade Convention will be held this year in Boston, Mass., on Oct. 7-9 inclusive, with headquarters in the Hotel Statler. The Boston Chamber of Commerce, in cooperation with other New England business and civic organizations, will be host to the Convention. Governor Leverett Saltonstall of Massachusetts, and Mayor Maurice J. Tobin of Boston, were among those who invited the Council to hold this year's meeting in Boston.

The Chairman of the National Foreign Trade Council, James A. Farrell, and the President of the Boston Chamber, Henry J. Nichols, have issued calls to the Convention emphasizing the importance to all concerned with the nation's foreign trade and shipping of conferring together on questions of mutual interest, during and after the war. In his invitation to the thousand and more delegates who attend these conventions, Mr. Farrell states that the Council has received from Sumner Welles, Under Secretary of State, who will speak at the World Trade Dinner of the coming Convention, and from Wayne C. Taylor, Under Secretary of Commerce, who will address the opening session, assurances of continued active cooperation by their departments, and participation as in former years by leading Government officials in the proceedings of the Convention. Mr. Farrell says:

> It is the intention this year to make the program responsive to the needs of the hour, as affecting foreign traders, and, above all, to provide an opportunity for making more widely known the views of American business men, in respect to the carrying out of the general principles agreed to by the United Nations in Article VII of the Anglo-American Agreement of Feb. 23, 1942.
>
> The National Foreign Trade Council considers it of the highest significance to the wartime morale of all peoples resisting Axis claims to economic domination, that the Hitler regime be deprived of the initiative in planning for the future. The Nazi regime not only has formulated the general principles upon which its Nazi-controlled economic order will be based, but has translated these principles into practice in all countries now subject to its military domination.

New "Gas" Ration Plan Postponed Until July 22

The Office of Price Administration on June 22 announced that the introduction of the permanent gasoline rationing plan in the East has been postponed a week, from July 15 to 22, to give motorists more time to form car-sharing clubs. Registration dates at public schools for the basic A coupon books likewise were shifted from July 1, 2 and 3 to July 9, 10 and 11. Extension of plan was announced by the OPA on June 11 (see last week's "Chronicle," page 2298).

To enable the present emergency ration system to operate for the extra week, the OPA authorized filling-station attendants to punch the war bond seal in the upper left corner of the ration card as if it were one of the ration units.

Holders of A cards will be entitled to an additional three gallons for the week; B-1 holders to four gallons, B-2 to five gallons and B-3's to six gallons. All unused units on A and B cards will continue to be good for six gallons.

Car clubs in which four or more persons arrange to ride to and from work together have been made a requirement for any supplementary rations. Price Administrator Leon Henderson emphasized that in order to avoid confusion and inconvenience after the plan goes into effect, motorists should make every effort to form immediately as many clubs as possible before the registration period.

Signatures of club members must appear on any application for supplemental rations before it will be considered by a local rationing board. If an applicant has not formed a car club, he will have to prove that it was impossible for him to do so.

It was pointed out that formation of a car club will not entitle a motorist automatically to an extra ration, since he must show that his mileage requirements justify an allowance of more gasoline than is provided by the basic A ration book.

Application forms for supplemental B and C books will be available at registration time. As soon as they are filled out they may be submitted to a local rationing board for decision.

To combat would-be "gasoline chiselers" under the permanent gasoline rationing program, the Office of Price Administration on June 19 announced that every passenger car and truck driver will be required to display on his windshield a colored sticker, which will proclaim the type of ration book he has obtained.

Nat'l Accident & Health Convention In Detroit

The 1942 annual convention of the National Association of Accident and Health Underwriters will be held at the Statler Hotel in Detroit, June 29, 30 and July 1. Prominent speakers are scheduled to address the meeting.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings During April

A further gain of 1.2% in April in the average hourly earnings of wage earners in all manufacturing industries raised the April average to 81.9 cents, Secretary of Labor Frances Perkins reported on June 21. "The April 1942 figure was 15.6% above the level of April of last year," she said.

Secretary Perkins further stated:

"The increase in hourly earnings over the month interval was attributable largely to the expansion of working forces in the higher-paying war industries and to wage-rate increases. The increase in overtime hours worked, which has been a significant factor in the rise in hourly earnings, had less effect on the April trend, average hours worked remaining virtually unchanged from the preceding month. While average hours worked in the separate industries showed some variations over the month interval, the changes generally were not pronounced and in a number of the war industries, which had been operating at extremely high levels, slight reductions in average hours were reported in April.

"Wage-rate increases were reported by approximately 1,000 manufacturing establishments out of a reporting sample of about 34,000 plants. These increases averaged 8.0% and affected about 205,000 wage earners of the approximately 8,000,000 covered by the survey. Of those receiving increases, 95,100 were employed in the durable goods industries and 109,400 in the non-durable. Industries in which substantial numbers of workers benefited from wage-rate increases were boots and shoes (15,638), foundry and machine-shop products (14,707), shirts and collars (10,462), cigars and cigarettes (9,563), chemicals (9,368), blast furnaces, steel works, and rolling mills (7,044), and electrical machinery (6,327).

"For the durable goods group of manufacturing industries as a whole, the average hourly earnings were 91.0 cents, a gain of 1.3% over the month and 16.1% over the year. Non-durable goods workers, however, averaged only 71.4 cents an hour in April with gains of 0.9% over the month and 13.3% over the year.

"The average hours worked per week in all manufacturing industries combined in April (42.4) remained at virtually the same level as in March (42.5), but were 6.6% higher than in April 1941. The average work-week in the non-durable goods group (39.7) and the durable goods group (44.7) also remained virtually unchanged between March and April. The former showed a relatively small increase over the year (3.8%) and the latter a substantial gain (8.4%). Only 6 of the 43 durable goods industries listed in the following tables averaged less than 40 hours per week, 24 averaged more than 44 hours, and one, machine tools, averaged 53.9 hours. Five other durable goods industries not listed in the tables showed average weekly hours in excess of 50 per week; machine tool accessories 55.1, metal working machinery not elsewhere classified 54.7, pumps 52.3, screw-machine products 50.7, and sewing machines 50.5. In the latter industry conversion to production of war materials accounts for the extended operations.

"Reflecting the gains in average weekly hours and hourly earnings over the year interval, the average weekly earnings of wage earners in all manufacturing industries combined ($36.63 in April) showed an increase of 24.7% since the same month of last year. For the durable goods group, the weekly earnings were $42.57, 27.3% higher than a year ago, and for the non-durable goods group, $27.82, an increase of 17.9% over the year.

"Among the non-manufacturing industries, the general trend of hourly earnings between March and April was upward, dyeing and cleaning plants reporting the largest percentage gain (3.2%). Hourly earnings in bituminous coal mning, crude petroleum producing, telephone and telegraph, and electric light and power, however, were lower than in the preceding month.

"Between April 1941 and April 1942, the mining industries showed gains in hourly earnings ranging from 8.9% in crude petroleum producing to 24.4% in bituminous coal mining. In the remaining industries covered, the increases in average hourly earnings ranged from 6.6% in the electric light and power industry to 8.8% in dyeing and cleaning, with the exception of the telephone and telegraph industry, in which the April 1942 average was 3.2% higher than a year ago. The average hours worked per week by anthracite (30.5) and bituminous coal (32.0); miners were 61.2 and 42.6% higher, respectively, than a year ago, when work stoppages had occurred in bituminous coal mining pending the signing of new contracts, and anthracite mines had dropped to an extremely low level following the accumulation of stock piles in the immediately preceding months. The hours worked in metal mining were 3.0% higher than last year, in quarrying and non-metallic mining 3.6% higher, and in crude petroleum production 1.1%. The changes in hours worked over the year in the remaining non-manufacturing industries were not particularly significant. The changes in average weekly earnings among the non-manufacturing industries followed the course set by the average weekly hours and hourly earnings, bituminous coal and anthracite showing spectacular gains because of the abnormal conditions prevailing in April of the previous year."

It should be noted that plants converted to war production are continued under their former peace-time industry classification.

Finds War Bond Sales Aid Employee Thrift

As a result of vigorous promotion campaigns by many companies with the assistance of the United States Treasury, the sale of war bonds through payroll deductions has now become the most important medium for encouraging employee thrift in American industry, according to a study of employee thrift plans in wartime just completed by the Conference Board. The Board states, under date of June 15, that if American workers voluntarily save substantial amounts of their present high incomes, the threat of inflation may be appreciably lessened and the dimensions of the post-war problem can be considerably reduced; it adds:

> It should be obvious that a serious period of readjustment lies ahead when the war ends. A major source of industrial orders will be exhausted. In addition, the expanded plant facilities geared to war production may be far in excess of those required to meet peace-time civilian needs, with the result that the volume of total and partial unemployment will probably be large. By accumulating a reserve for the anticipated emergency, the American worker is serving his own self interest, and has the satisfaction of knowing that through the sacrifice entailed by saving he is doing his bit to help his country through a critical period.

Treasury Offering Of Ctfs. Oversubscribed

The Treasury Department announced on June 22 that preliminary reports as to the offering on June 18 of $1,500,000,000 or thereabouts of ⅝% Treasury Certificates of Indebtedness of Series A-1943 showed cash subscriptions in excess of $3,113,000,000. The Treasury said that allotments would be made 50% on a straight percentage basis but not less than $25,000 on any subscription, with adjustments where necessary to the $1,000 denomination. Subscriptions up to and including $25,000, totaling about $61,000,000 are being allotted in full.

The subscription books were open for two days (June 18 and 19) and subscriptions up to $25,000 will be allotted in full, the Treasury explaining that this policy was adopted in order to insure more extensive participation on the part of banks, corporations, and others interested in a type of security carrying maturities somewhat longer than Treasury bills. There were no restrictions as to the basis for subscribing to this issue.

The certificates, dated June 25, will be payable Feb. 1, 1943, and will bear interest at the rate of ⅝% per annum, payable at the maturity of the certificates.

This marked the second time this year that this type of security has been offered by the Treasury; in April last $1,500,000,000 of ½% 6½ month certificates of indebtedness were sold. The Treasury this year resumed issuance of these obligations after a lapse of eight years in response to a demand on the part of corporations, banks and other investors for a security with a longer maturity than Treasury bills, in which to invest current accumulations of business funds.

This offering of certificates of indebtedness differs from the previous one in that there were no restrictions as to the basis for subscribing to the issue, although subscribers had to agree not to sell or otherwise dispose of their subscriptions prior to the closing of the books. In the April offering there were definite limitations for the various classes of subscribers. Another change from the previous offering consists in the fact that subscribers other than banks and trust companies had to make a down payment of only 5% of the amount of certificates applied for in the case of the latest issue instead of 10% as to the issue offered in April.

The previous offering of certificates was reported in these columns April 9, page 1444. Plans for the current offering were discussed in our June 18 issue, page 2311.

The text of the official circular describing the offering follows:

UNITED STATES OF AMERICA
⅝% Treasury Certificates of Indebtedness of Series A-1943
Dated and bearing interest from June 25, 1942
Due Feb. 1, 1943

1942
Department Circular No. 688

Fiscal Service
Bureau of the Public Debt

Treasury Department,
Office of the Secretary,
Washington, June 18, 1942

I. Offering of Certificates

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for ⅝% certificates of indebtedness of the United States, designated Treasury Certificates of Indebtedness of Series A-1943. The amount of the offering is $1,500,000,000, or thereabouts.

II. Description of Certificates

1. The certificates will be dated June 25, 1942, and will bear interest from that date at the rate of ⅝% per annum, payable on an annual basis at the maturity of the certificates. They will mature Feb. 1, 1943, and will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all Federal taxes, now or hereafter imposed. The certificates shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes and will not bear the circulation privilege.

4. Bearer certificates with one coupon attached will be issued in denominations of $1,000, $5,000, $10,000, and $100,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States certificates.

III. Subscription and Allotment

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Subscribers must agree not to sell or otherwise dispose of their subscriptions, or of the securities which may be allotted thereon, prior to the closing of the subscription books. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Others than banking institutions will not be permitted to enter subscriptions except for their own account. Subscriptions from banks and trust companies for their own account will be received without deposit. Subscriptions from all others must be accompanied by payment of 5% of the amount of certificates applied for.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of certificates applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, subscriptions for amounts up to and including $25,000 will be allotted in full. The basis of the allotment on all other subscriptions will be publicly announced, and allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment at par and accrued interest, if any, for certificates allotted hereunder must be made or completed on or before June 25, 1942, or on later allotment. In every case where payment is not so completed, the payment with application up to 5% of the amount of certificates applied for shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

V. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for certificates allotted, to make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

House Votes Navy $8½ Billion For Ships

By a vote of 319 to 0, the House on June 18 passed and sent to the Senate an $8,500,000,000 naval construction bill designed to add 1,900,000 tons of combat ships to the Nation's fleet. The measure provides for the construction of 500,000 tons of aircraft carriers, 500,000 tons of light and heavy cruisers, and 900,000 tons of destroyers and destroyer-escort vessels, together with 1,000 smaller craft, 800 of which would be submarine chasers and torpedo boats.

In explaining the purposes of the bill before the House on June 18, Representative Vinson (Dem., Ga.), Chairman of the House Naval Affairs Committee, said:

> This is the largest single authorization bill for the construction of combatant ships that has ever been considered by the Naval Affairs Committee and reported to the House. It authorizes an increase in the combatant tonnage of aircraft carriers by 500,000 tons, of cruisers by 500,000 tons, and destroyers and destroyer-escort vessels by 900,000 tons. It will be noted that this authorization does not provide for increasing the tonnage of capital ships. This omission is occasioned by two facts, first, that existing authorizations for capital ships will, when completed, provide for an adequate number of battleships and, second, it is anticipated and is borne out by the war so far that the loss in aircraft carriers, cruisers, and destroyers will be, relatively, much greater than in battleships, and consequently, provision must be made for a large additional number of these types of ships.
>
> In addition to the emphasis placed upon the construction of aircraft carriers, as is done in this bill, I am pleased to report that the Navy Department is fully alive to the major, if not decisive, role that aircraft carriers and the planes based thereon have been playing in the present war. This does not mean that other types of combatant ships have lost their long-range value, but the policy of the Navy Department in concentrating, for the present, on the construction of aircraft carriers is, in my opinion, entirely sound. This will necessitate deferring the construction of certain other types of ships, the immediate need for which is not so urgent. In other words, I understand that the Navy Department in projecting its immediate ship construction program from time to time will be guided by the most recent war experience in determining the types of combatant ships which require the highest priority.

Chairman Vinson further revealed that the Navy Department contemplates getting under way almost immediately, in connection with the aircraft carrier program, while the cruiser and destroyer program will be started early in 1943. He added that previous authorizations for the construction of combatant ships have totaled 3,749,480, of which total 1,009,245 tons are in service; 2,646,606 tons are under construction, and only 93,629 tons is not yet under way.

Opposes Accumulation Of Civilian Goods

A request that all banks and financing institutions use their influence toward discouraging "all unnecessary purchases of civilian goods" with a view to keeping down inventories was made in a letter addressed to the institutions by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System. This became known on June 17, when it was stated that his request followed a conference which Mr. Eccles had with Secretary of the Treasury Morgenthau, Secretary of Commerce Jesse Jones, War Production Chief Donald Nelson, Price Administrator Leon Henderson, and Chairman Ganson Purcell of the Securities and Exchange Commission and himself. As to this, Washington advices to the "Wall Street Journal" of June 18 had the following to say:

> There was complete agreement, Mr. Eccles said in the letter, that the voluntary cooperation of banks must be enlisted in achieving the object of preventing the accumulation of inventories of consumer civilian goods.
>
> "To this end," he wrote the banks, "it is hoped you will use your influence in your community to discourage all unnecessary purchases of civilian goods, and you will scrutinize carefully every application which might enable a borrower to carry a greater supply of goods than his minimum requirements.
>
> "This general credit policy would not apply in special situations such as the need for supplying fuel for heating purposes next winter, or accommodating manufacturers and dealers having stocks that must be held because of freezing or rationing orders."

RFC To Finance Cost Of New Tex.-Ill. Pipeline

The Reconstruction Finance Corporation will finance the estimated $35,000,000 cost of the proposed 24-inch oil-gasoline pipeline from Longview, Tex., to Salem, Ill., it was announced on June 12 by Secretary of Commerce Jesse Jones.

Authorization of the pipeline's construction by the War Production Board to relieve the shortage in the Eastern States was reported in our issue of June 18, page 2310.

From Associated Press Washington advices June 12 the following is taken:

> Mr. Jones made public a letter to W. Alton Jones, President of the Cities Service Co., in which the financing pledge was made.
>
> The letter authorized immediate placement orders for pipe, pumps, and other equipment, subject to approval by the chief engineer of the RFC. Contract negotiations with builders also were authorized.
>
> The oil industry will supply the personnel to construct and operate the line, and will furnish without cost the engineering plans and surveys already made.
>
> The Commerce head, who also supervises the RFC, expressed his understanding that the line would be used jointly "by the Sinclair interests, Atlantic Refinery, Sun Oil Co., Standard Oil Companies of New Jersey and New York, the Gulf Co., the Texas Co., the Tidewater, Cities Service Co. and any other interested oil company.

Work Hours, Earnings At Peak, Bd. Reports

New peak levels of hourly and weekly earnings, man hours and payrolls were recorded in April, according to The Conference Board's regular monthly survey of 25 manufacturing industries. The average work week in April was longer than in any other month, since the depression, and "real" weekly earnings exceeded those of any other month since these surveys were begun.

Under date of June 21, the Board further reported:

> The effects of the war upon earnings are clearly in evidence. In August, 1939, all manufacturing workers averaged $27.29 a week for 37.9 hours of work at $.720 an hour. From these levels, hourly earnings advanced to $.737 in May, 1940, and the work week was reduced to 37.5 hours. As a result, weekly earnings were increased to $27.67. By November, 1941, because of wage-rate increases and of overtime payments for a work week averaging 41.5 hours, earnings averaged $.860 an hour and $35.74 a week. Increases in hourly earnings in the last five months have amounted to 4.1%, and reached an average rate of $.895 in April. The number of hours worked in one week rose 3.1% to 42.8. Weekly earnings advanced 8.1% to $38.65.
>
> In the same period, "real" weekly earnings (dollar weekly income in terms of what it will buy) have advanced consistently. At 149.5 (1923=100) in April, they exceeded those in August, 1939, and May, 1940, when they were at the same level, by 22.4%, and those of November, 1941, by 3.4%. In general, weekly earnings of manufacturing workers have risen much more rapidly than have living costs.
>
> Manufacturing employment has risen to new peak levels in each successive month since March, 1941. In April, 1942, there were 55.8% more persons at work than during August, 1939, 40.2% more than during May, 1940, and 3.0% more than during November, 1941. The longer work week further accelerated these increases with the result that total man hours worked in April were 76.1% higher than in August, 1939, 60.0% higher than in May, 1940, and 6.2% higher than in November, 1941. The added effect of higher hourly earnings is reflected in payroll changes over the same periods. Payrolls have risen 120.5% since August, 1939, 95.8% since May, 1940, and 11.3% since November, 1941.

U. S.-Argentine Trade Pact

The reciprocal trade agreement between the United States and Argentina, which was signed in Buenos Aires last Oct. 14, was ratified by the Argentine Senate on June 12. It has been provisionally in force since Nov. 15, when President Roosevelt directed that this action be taken as mentioned in our Nov. 22 issue, page 1165.

The pact is designed to benefit the United States exporters in that it provides for reductions or guarantees against increases in Argentine customs duties on a list of 127 tariff items, the chief of which are certain fresh fruits, tobacco, motor vehicles and parts, refrigerators, electrical machinery, agricultural and industrial machinery. Argentina is granted reductions in duties or guarantees of continuance of existing tariffs on a list of 84 items covering flaxseed, canned corned beef, coarse wools, casein, tallow, oleo oil and cattle hides.

Signing of the trade agreement was noted in these columns Oct. 23, 1941, page 728.

Honor United Nations At Flag Day Ceremony

At a special Flag Day ceremony at the White House on June 14, honoring the colors of all the United Nations, President Roosevelt formally welcomed Mexico and the Philippine Islands to "that great alliance dedicated to the defeat of our foes and to the establishment of a true peace based on the freedom of man."

Mexico's and the Philippines' adherence to the United Nations' pact, which calls for no separate peace and the use of all resources against the enemy, raises to 28 the number of nations aligned against the Axis.

The White House ceremony was attended by diplomatic representatives from all the United Nations.

In his talk President Roosevelt declared that "we of the United Nations have the power and the men and the will at last to assure man's heritage," and he said that the "four freedoms of common humanity"—freedom of speech and religion and freedom from want and from fear—"are as much elements of man's needs as air and sunlight, bread and salt." Mr. Roosevelt added:

"The belief in the four freedoms of common humanity—the belief in man, created free, in the image of God—is the crucial difference between ourselves and the enemies we face today. In it lies the absolute unity of our alliance, opposed to the oneness of the evil we hate. Here is our strength, the source and promise of victory."

The President's speech was transcribed and broadcast later by radio.

Dr. Francisco Castillo Najera, the Mexican Ambassador, signed the "declaration" for Mexico, while President Manuel Quezon of the Philippine Commonwealth signed for the Pacific Islands.

The "Declaration by United Nations" was originally signed by representatives of 26 countries on Jan. 1, 1942; reported in these columns Jan. 8, page 144.

The White House ceremony—one of many held throughout the United States and the world—also consisted of talks by 16 United Nations Ambassadors and Ministers to their own peoples over the radio in their own language. Among these were: Viscount Halifax, British Ambassador; Maxim Litvinov, Soviet Ambassador; Dr. Jan Papanek, Czechoslovak Minister; Dr. Hu Shih, Chinese Ambassador; Jan Ciechanowski, Polish Ambassador; Sir Girja Bajpai, Agent General of India; Sir Owen Dixon, Australian Minister; Cimon P. Diamantopoulos, Greek Minister; Alexander Loudon, Netherlands Minister; Walter Nash, New Zealand Minister; Ralph W. Close, South African Minister; Leighton McCarthy, Canadian Minister; Joseph Bech, Luxemburg Foreign Minister; Consantain Fotitch, Yugoslav Minister; Munthe De Morgenstierne, Norwegian Ambassador, and Count Robert Van Der Straten- Ponthoz, Belgian Ambassador. Present at the ceremony were also the diplomatic representatives of Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Panama.

The President's Flag Day address follows:

"Today on Flag Day we celebrate the declaration of the United Nations—that great alliance dedicated to the defeat of our foes and to the establishment of a true peace based on the freedom of man. Today the Republic of Mexica and the Commonwealth of the Philippine Islands join us. We welcome these valiant peoples to the company of those who fight for freedom.

"The four freedoms of common humanity are as much elements of man's needs as air and sunlight, bread and salt. Deprive him of all these freedoms and he dies—deprive him of a part of them and a part of him withers. Give them to him in full and abundant measure and he will cross the threshold of a new age, the greatest age of man.

"These freedoms are the rights of men of every creed and every race, wherever they live. This is their heritage, long withheld. We of the United Nations have the power and the men and the will at last to assure man's heritage.

"The belief in the four freedoms of common humanity—the belief in man, created free, in the image of God—is the crucial difference between ourselves and the enemies we face today. In it lies the absolute unity of our alliance, opposed to the oneness of the evil we hate. Here is our strength, the source and promise of victory.

"We of the United Nations know that our faith cannot be broken by any man or any force. And we know that there are other millions who in their silent captivity share our belief.

"We ask the German people, still dominated by their Nazi whipmasters, whether they would rather have the mechanized hell of Hitler's "New" Order or—in place of that, freedom of speech and religion, freedom from want and from fear.

"We ask the Japanese people, trampled by their savage lords of slaughter, whether they would rather continue slavery and blood or, in place of them—freedom of speech and religion, freedom from want and from fear.

"We ask the brave, unconquered people of the nations the Axis invaders have dishonored and despoiled whether they would rather yield to conuerors or—have freedom of speech and religion, freedom from want and from fear.

"We know the answer. They know the answer. We know that man, born to freedom in the image of God, will not forever suffer the oppressors' sword. The peoples of the United Nations are taking that sword from the oppressors' hands. With it they will destroy those tyrants. The brazen tyrannies pass. Man marches forward toward the light.

"I am going to close by reading you a prayer that has been written for the United Nations on this Day:

"God of the free, we pledge our hearts and lives today to the cause of all free mankind.

"Grant us victory over the tyrants who would enslave all free men and nations. Grant us faith and understanding to cherish all those who fight for freedom as if they were our brothers. Grant us brotherhood in hope and union, not only for the space of this bitter war, but for the days to come which shall and must unite all the children of earth.

"Our earth is but a small star in the great universe. Yet of it we can make, if we choose, a planet unvexed by war, untroubled by hunger or fear, undivided by senseless distinctions of race, color or theory. Grant us that courage and foreseeing to begin this task today that our children and our children's children may be proud of the name of man.

"The spirit of man has awakened and the soul of man has gone forth. Grant us the wisdom and the vision to comprehend the greatness of man's spirit, that suffers and endures so hugely for a goal beyond his own brief span. Grant us honor for our dead who died in the faith, honor for our living who work and strive for the faith, redemption and security for all captive lands and peoples. Grant us patience with the deluded and pity for the betrayed. And grant us the skill and the valor that shall cleanse the world of oppression and the old base doctrine that the strong must eat the weak because they are strong.

"Yet most of all grant us brotherhood, not only for this day but for all our years—a brotherhood not of words but of acts and deeds. We are all of us children of earth—grant us that simple knowledge. If our brothers are oppressed, then we are oppressed. If they hunger, we hunger. If their freedom is taken away, our freedom is not secure. Grant us a common faith that man shall know bread and peace—that he shall know justice and righteousness, freedom and security, an equal opportunity and an equal chance to do his best, not only in our own lands, but throughout the world. And in that faith let us march, toward the clean world our hands can make. Amen."

States Adopt Uniform Standards For Trucks

The 48 States of the Nation have agreed to uniform standards and reciprocal license arrangements for motor transport for the duration of the war, Secretary of Commerce Jesse Jones recently announced. Mr. Jones, who is Chairman of the President's Committee on Federal-State Cooperation in the War Effort, said the agreement represented "an outstanding exemple of what a united nation can do in an emergency."

It is said that different rules as to sizes and weights of trucks were seriously delaying the war effort.

The standards became effective immediately and in most cases were put into effect by Governors' proclamations. One third of the States already had stricter requirements than the new universal standards. In some States, however, it was explained, road commissioners rerouted truck traffic to avoid light bridges unable to carry the heavy load permitted by the uniform standards.

Following are the permissible sizes and weights which will apply to commercial motor vehicles admitted on the highways of all the States during the war:

Width—96 inches.
Height—12½ feet.
Length of a Single Vehicle—35 feet.
Length of a Combination—45 feet.
Weight Per Inch Width of Tire—600 pounds.
Weight on Single Axle—18,000 pounds.
Weight on Two Axles—30,000 pounds.
Weight on Three Axles—40,000 pounds.
Weight of Semi-Trailers—40,000 pounds.
Weight of Other Combinations—40,000 pounds.

FHA Field Offices To Proceed On War Housing

Field offices of the Federal Housing Administration have been authorized to begin operations under the recent amendments to the National Housing Act making available substantial new funds for continued private building of war housing in designated critical areas, Federal Housing Commissioner Abner H. Ferguson announced on June 4. It is pointed out by the Administration that the new legislation increases by $500,000,000 the FHA's authorization to insure loans by private lending institutions for the construction of needed housing facilities for war workers under Title VI of the Act. Other changes are also designed to facilitate war housing construction by private builders, especially for rent. Signing of the measure by President Roosevelt was noted in these columns June 4, page 2135. The Administration states that in instructing FHA field offices to proceed under the new amendments, Commissioner Ferguson stressed that only housing which is urgently needed for the war effort and which is so designed as to effect maximum economies in use of scarce materials would be financed under the program. The Commissioner adds:

> Every precaution must be taken to avoid the possibility of the amendments being considered by anyone as encouragement to begin construction of housing which is not clearly essential for war workers, or to begin construction of essential war housing without reasonable assurance that materials are available for its completion.
>
> There are no circumstances which would warrant participation in the program made possible by this legislation unless it can be determined that postponement of the proposed housing would be detrimental to the war effort.

Staff Appointments To War Foods Board

In connection with his duties as Chairman of the Foods Requirements Committee of the War Production Board, Secretary of Agriculture Wickard on June 11 announced assignment of three officials of the Departmennt to duties with the committee. The announcement stated:

> S. B. Bledsoe, chief assistant to the Secretary will be Vice-Chairman of the Foods Requirements Committee. H. W. Parisius, another of the Secretarial staff assistants will be director of the general work of the Committee. D. A. Fitzgerald, in charge of the Division of Program Analysis of the Bureau of Agricultural Economics, will be in charge of the Committee's work of compiling data required in making forecasts of needs for foods for all purposes, including military supply, civilian supply, and Lend-Lease.

Appointment of the Food Reqirements Committee was noted in these columns June 11, page 2206.

Britain And Russia Sign 20-Year Alliance Treaty

A formal treaty of alliance between Great Britain and the Soviet Union in the war against Hitlerite Germany and of cooperation with mutual assistance after the war has been concluded, British Foreign Secretary Anthony Eden announced in the House of Commons on June 11.

The treaty, it was made known was signed formally at the Foreign Office in London on May 26 by Mr. Eden and Soviet Foreign Commissar V. M. Molotov.

Simultaneously, the Foreign Office issued a communique revealing that during the treaty negotiations "a full understanding was reached between the two parties with regard to the urgent task of creating a second front in Europe in 1942." No further details were announced on this subject.

The treaty of alliance between the two nations is for 20 years and is to go into force after ratifications are exchanged.

The treaty consists of two parts. The first is military pledging mutual aid in the war against Germany and those states "associated with her in acts of aggression in Europe" and promising not to negotiate with the "Hitlerite government or any other government in Germany that does not clearly renounce all aggressive intention," nor to conclude, except by mutual consent, any peace "with Germany or any other state associated with her in acts of aggression in Europe."

The second part deals with political and economic aspects after the war. The two parties express their desire "to unite with other like-minded peoples" in adopting proposals "to preserve peace and resist aggression in post-war period;" it is also stipulated that "pending adoption of such proposals they will after termination of hostilities take all measures in their power to render impossible the repetition of aggression and violation of peace by Germany or any of the states associated with her in acts of aggression in Europe;" the contracting parties further "agree to work together in close and friendly collaboration after reestablishment of peace for the organization of security and economic prosperity in Europe," and to "act in accordance with the two principles of not seeking territorial aggrandizement for themselves and of non-interference in the internal affairs of other states."

The treaty replaces the agreement between the two countries signed last July 12 pledging mutual war aid and no separate peace. (This was given in our issue of July 19, 1941, page 314.)

The terms of the present pact, together with the messages exchanged by King George VI and President Mr. Kalinin of the Soviet Supreme Council and the speeches made by Mr. Eden and Mr. Molotov at the treaty signing, were introduced as a Government White Paper.

Farm Product Buying Near Record in May

Farm products costing more than $154,404,000 were bought in May by the Agricultural Marketing Administration under the general buying program for Lend-Lease and other needs, the U. S. Department of Agriculture reported on June 21. The Department states that purchases dropped below April's high mark of $193,893,000 but were the second highest for any month since the program started March 15, 1941. The decline was attributed largely to seasonal factors.

The Department's announcement also stated:

> The volume of meat products dropped in May, but the quantity purchased was sufficiently large to again lead the list of commodities bought. Particularly heavy purchases were made of canned and cured pork, frozen pork loins, lard, dried eggs, dry skim milk, cheese, dry beans, cornstarch, processed strawberries and salad oil.
>
> The cumulative value of all farm products bought for Lend-Lease shipment and other distribution needs approximated $1,225,660,315 for the 14½-month period ending May 30.
>
> Commodities bought in large quantities during May included 84,971,354 pounds of canned pork at an F.O.B. cost of $32,451,453; 72,132,140 pounds of lard at $10,046,700; 58,898,166 pounds of cured pork at $11,373,288; 38,171,016 pounds of cheese at $8,450,439; 54,707,000 pounds of dry beans at $2,466,609; 41,833,260 pounds of dry skim milk at $5,216,942; 27,360,690 pounds of dried eggs at $28,394,693; 24,522,511 pounds of salad oil at $3,370,236; 13,682,800 pounds of rice at $952,372; 17,222,738 pounds of frozen pork loins at $4,766,968 and 11,738,700 pounds of granulated sugar at $550,830.
>
> Other important purchases included edible tallow, hops, pearl barley, rolled barley, canned ration, table salt, cube sugar, onions, laundry soap, dehydrated soup and gum rosin.
>
> Commodities purchased in May for the first time included dry yeast, dry soup concentrate, tea, granulated cube sugar, canned condensed vegetable soup, canned condensed tomato soup, soy sauce, poppy seed, nutmeg, ginger, baking soda, salami, frozen pork trimmings, canned tomato juice, sauerkraut, nectarines, roasted barley cereal, rye flour, dried whey, linseed oil cake, bay leaves, cinnamon, coriander, cumin and allspice.

Steel Demand Constantly Growing—Production At 98% Of Capacity—Only War Needs On Books

"Bad news regarding the rate of ship sinkings in the Atlantic is offset to a degree by the fact that the transportation bottleneck to Great Britain has been at least temporarily broken in respect to steel shipments," says "The Iron Age" in its issue of June 25, further adding: "Several hundred thousand tons of steel held at tidewater points some weeks ago has now been delivered. While the piling up of steel on the docks has been checked, the demand for steel and other lend-lease materials is constantly growing. Pledges by the United States of still more aid plus our own requirements are placing a newer, higher goal before the mills each time one objective is reached.

"Lend-lease aid involving steel products such as ingots and semi-finished items during the next 90 days will go far beyond what a few months ago was considered "all-out" assistance. Such aid is already having repercussions in the scrap market, on domestic steel orders and, within the next few months, is likely to affect steel profits and bear on steel prices.

"Scrap shortages in some areas are becoming severe and are holding ingot production below the 100% mark. Lack of open-hearth scrap at one plant in the Chicago area forced the shutting down of two furnaces. The length of the shutdown will depend largely on how quickly the WPB can arrange for a substantial allocation. However, such an allocation, unless drawn from some remote area, will cut the supply for some other plants. The strike that curtailed production at a Lukens Steel Co. plant has been called off, and melting has been resumed."

The American Iron and Steel Institute on June 22 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.0% of capacity for the week beginning June 22, compared with 98.3% one week ago, 99.6% one month ago and 99.9% one year ago. This represents a decrease of 0.3 points, or 0.3% from the preceding week. The operating rate for the week beginning June 22 is equivalent to 1,664,600 tons of steel ingots and castings, compared to 1,669,700 tons one week ago, 1,691,800 tons one month ago, and 1,612,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on June 22 stated in part:

"While specifications for steel continue heavy, new orders are relatively light, though some steelmakers note an increase from earlier in June. Much tonnage now going through is against orders placed in the spring, mainly large tonnages. Allocations and special directives are still forcing back tonnage on books to an extent that possible delivery is too indefinite to warrant further interest by the buyer. This tonnage is in the lower brackets although some bear ratings which appeared high as late as a month ago. It is apparent that most cancellations have been made.

"Due to this weeding out of orders not having a chance of delivery under war conditions, tonnage now being produced is nearly all for war needs, with a small quantity for most essential civilian requirements. There is a growing disposition to limit mill commitments as much as possible.

"Some mills have orders scheduled for delivery months ahead and in certain alloy steels can not promise delivery even tentatively before 20 to 25 weeks. In some products, due to the nature of the work for which they are required, tonnage is on schedule running well into next year.

"Some mills which have been able to make deliveries only on A-1-a rating for several weeks past now find directives and allocations so numerous they are unable to meet all these requirements.

"Friday, June 19, marked the end of manufacture of parts for more than 400 civilian articles banned in order M-126. Last date for receiving material for their manufacture was May 20. A further period of 45 days, until Aug. 3, is allowed for assembly of parts produced before June 19. Articles completely assembled by Aug. 3 may be sold at any time thereafter. Manufacturers of the articles mentioned in this order must cease all manufacturing except where they have converted their facilities to war production. Inventories of raw materials which may be left on hand are under strict regulation and can be disposed of only in accordance with the order.

"For the fifth week steel production remained at 99% of capacity, paralleling the rate in June last year, but representing a much larger tonnage, as capacity is greater. Scrap shortage has practically faded from the picture as a deterrent, supply in most cases being sufficient, and necessity for open hearth repairs now is the limiting factor.

"Office of Price Administration has amended the schedule of prices on steel and iron scrap to remove some inequalities. Several new grades are established at differentials above and below No. 1 steel, a flat price on No. 1 steel at New York and Brooklyn is established and definite switching charge deductions are set up for a number of shipping points. The main price structure is not altered.

"Consumption of Lake Superior iron ore in United States stacks in May set an all-time record at 7,015,408 gross tons, compared with 6,806,529 tons in April. Cumulative consumption for the year to June 1 was 33.904,490 tons, compared with 29,831,003 tons in the same months last year."

From Washington

(Continued from First Page)

to former Governor Stark in the 1940 Senatorial campaign. But Truman is not a man to be opposing the tide and he usually tags along with the New Dealers, though it is doubtful if he fully perceives—that he, in fact, gives serious thought to — the implications of his committee's work. It is simply an activity that brings him publicity.

Several months ago he promised Donald Nelson in writing that he would let the latter's Dollar-a-Year men alone. The committee's recent report was particularly amateurish. It was based on the wholly erroneous impression that conversion of industry is of itself a goal to be attained, whether it relates to war production or not. See an industry out there—convert it. The War Production Board is charged, of course, with balancing war production with the domestic economy in the realization that the home front is just as important as the fighting fronts.

By way of emphasizing its amateurishness, the committee's report came at a time when the conversion program has just about been completed and the trend in WPB is now in the other direction.

Fulton has no radical background, he is a middle-aged lawyer. But his business is to investigate and he and his corps of aides are out to do a good job in this respect. The Senators who are held responsible for the committee's work ought to be able to interpret the findings.

Anyway, it's a situation which some Senators think must be dealt with. Because the army of investigators, amateurs and professional, have been running rampant over the headlines in recent years under the guise of Congressional committees.

Of all the activities of men none brews more bitterness than the great game of politics. Woodrow Wilson's refusal to name Jim Reed's choice for postmaster at Kansas City led to the latter's bitterness against the first World War President and his relentless efforts to wreck Wilson's world-wide ambitions.

The bitterest feeling of the current scene is probably that held by former Governor Murphy of New Hampshire, against Senator Styles Bridges. So far as can be ascertained it is based mostly on the fact that Bridges has been politically more successful. A year or so ago, Murphy, a multi-millionaire shoe manufacturer, bought a powerful New England radio station with the avowed purpose of defeating Bridges for reelection this year. Just recently the former Governor foreswore his allegiance to the Republican Party and made known that he would probably be a Democratic candidate against Bridges and his friends make no bones about the fact that he is willing to spend as much as a million dollars in the effort.

Murphy gave the so-called isolationist streak of the Republican Party as his reason for switching. But Bridges has been outstanding in his support of the President's foreign policies, long before Pearl Harbor. And he has been one of the most effective critics of his domestic policies.

In a little State like New Hampshire Murphy is expected to give him considerable trouble, although a recent poll showed Bridges would win handily.

Murphy was down here for a while as a Dollar-a-Year man connected with the Army purchase of shoes, but so much criticism was aroused among his fellow shoe manufacturers that he retired.

The Senate Finance Committee now hopes to have the tax bill definitely out of the way early in October. There is no more thought of postponing its passage until after the elections. The sales tax seems to be definitely out.

House Group Works To Relieve Corporate Tax

(Continued from First Page)

porations to buy their own outstanding securities below par, without the difference between the purchasing price and par being treated as income. This provision was sought particularly by railroads.

The "directives" voted by the committee are standards to be laid down for the Board of Tax Appeals in considering extraordinary cases not covered by the existing average earnings method of computing the excess profits base credit, or by the invested capital method.

Reporting the Committee's action on June 22, the New York "Herald Tribune" had the following to say in its account from its Washington bureau on that date:

"In the complicated plan adopted, five general or standard relief provisions were approved for the guidance of the Court of Tax Appeals in assessing the amount of excess-profits taxes to be paid by companies. If these concerns could show that they were entitled to relief under one or another of these provisions, the amount of excess-profits taxes they would have to pay would be only 67% as against the 94% rate written into the bill some days ago. The 67% figure was arrived at by splitting the difference between the 94% excess-profits tax and the 40% normal surtax.

The committee adopted this plan as a substitute for various proposals that have been suggested to provide relief in the form of ear-marking a certain percentage of excess-profits tax payments to be returned to corporations after the war for rehabilitation and reconstruction. Donald M. Nelson, Chairman of the War Production Board, sent a letter to the committee last week warning that a flat 94% excess-profits tax was likely to hamper the war production program.

The five general or standard provisions under which corporations can apply for relief as adopted by the committee were outlined as follows:

1. When base net income is abnormally low.

2. Where the excess-profits credit based on income computed according to average earnings is inadequate to grant relief, or in case of a company which was not in existence on Jan. 1, 1940, or which resulted from a merger, consolidation or reorganization completed after that date but prior to Jan. 1, 1942, if the excess-profits credit based on invested capital is an inadequate basis for the computation of excess profits.

3. Where the business of a corporation is of a class in which the capital is not an important income-producing factor.

4. Where the invested capital of the corporation is abnormally low and furnishes inadequate basis for the computation of excess profits.

5. If the business of the corporation has shown a marked diminution of production during the base period.

The three special provisions tentatively approved provide for relief:

1. Where there is interruption or diminution of production or operations immediately prior to or during the base period.

2. Where the base period income is depressed by reason of temporary economic circumstances.

3. Where the base period income is depressed by means of circumstances prevailing in the industry.

The base period referred to in those rules is the period of four years taken to determine average earnings on which the excess-profits tax is computed.

A committee expert explained that the special relief provision regarding interruption or diminution of production was similar to an existing law and took labor strikes into account.

On June 17 the House Committee decided tentatively to tax pari-mutuel wagering, freight and express transportation and coin-operated amusement devices and to raise the postage rates on newspapers and periodicals. On the same date Chairman Donald M. Nelson of the War Production Board proposed that the committee reopen the corporation tax phase of the bill and lower the top excess profits tax rate from 94% to 80% to leave an incentive for efficiency in production of war and civilian necessities. The Associated Press further reported the committee announced these actions:

1. A tax of 5% on transportation of freight and express by common carriers by land, water or air, similar to the World War tax of 1917-18. Estimated yield, $300,000,000.

2. An increase in the second-class postal rates for newspapers and periodicals enough to cancel the annual $78,000,000 deficit incurred by the Postoffice Department in transporting them at present rates.

3. A tax of 5% on all pari-mutuel wagers. Estimated yield, $25,000,000.

4. Extension to all coin-operated amusement and gaming devices of the $10 a year tax now imposed on certain gambling devices. Estimated yield, $5,000,000.

Chairman Doughton said that the newspaper and periodical rates would be raised "enough to pay the cost of the service," and Rep. Cooper (D., Tenn.) added that the present exemption for county free delivery would be retained.

Members did not explain details of this proposal but one of the committee's experts said, "It simply means that the present second-class rates will be raised enough to make up the $78,000,000."

Mr. Nelson took a position identical with that of Secretary Morgenthau, who told the committee three months ago that the topmost excess profits tax rates might leave "little incentive for the maintenance of efficiency in business operation."

The committee's own experts, headed by Colin F. Stam, have argued that unless a post-war credit be granted, "a 94% rate will seriously hamper the war effort, stimulate inefficiency on the part of the corporation and tend toward inflation."

The committee deferred action primarily because it has not acted finally on other corporation rates. It has agreed tentatively to raise the present combined normal and surtax rates on corporations from 31 to 40% and substituted the 94% excess profits tax for the present graduated scale of from 35 to 60%. The Treasury asked rates ranging from 50 to 75%.

On June 20 the Committee consented to a "pay-as-you-earn" income tax collection plan advanced by the Treasury, and killed, for the present, proposals for a general Federal sales tax.

As to this the United Press (Washington advices) had the following to say on June 20:

The committee decision on the sales tax meant that for a while at least the average American will not have to reckon with the Federal tax collector every time he pays his grocery bill or buys a new pair of shoes. The sales tax was rejected by a vote of 13 to 8, with two proxies recorded.

Chairman Robert L. Doughton's announcement that the sales tax had been killed nevertheless left the way open for future consideration of this tax if the revenue is needed.

"The committee voted not to consider a general sales or consumption tax as part of this bill," Mr. Doughton said.

The pay-as-you-earn tax collection plan, or withholding tax, which would go into effect next Jan. 1 if the proposal is finally adopted by Congress in its present form, was adopted by the narrow margin of 10 to 9.

Under the plan, 10% of a wage-earner's taxable income will be collected at the source—from his pay envelope or check—by his employer over a period of a year. The deductions will be made each pay day. Exactly one-half will be credited against the tax on 1942 income and the other half will go toward payment of taxes on 1943 income.

A reference to the Committee's action on the bill appeared in our June 18 issue, page 2306. The bill is expected to be brought before the House on July 6.

Canada And Russia Agree To Exchange Diplomats

An agreement between Canada and the Soviet Union providing for direct diplomatic relations and the exchange of Ministers was signed in London on June 12. United Press accounts from London on that date report that the agreement, not subject to ratification, came into force when the Dominion's High Commissioner to the United Kingdom, Vincent Massey, and the Russian Ambassador, Ivan Maisky, had signed it in a brief ceremony.

Engineering Construction For Week Lower

Engineering construction volume for the week totals $155,670,000, a decrease of 59% from the preceding week, and 10% under the total for the corresponding 1941 week as reported by "Engineering News-Record" on June 18. Public construction, which accounts for 93% of the total, is 61% below last week, and 7% below last year. Private work tops the preceding week's volume by 91%, but is 40% lower than a year ago.

The current week's construction brings 1942 volume to $4,746,455,000, an increase of 76% over the total for the 25-week period last year. Private work, $333,688,000 is 54% lower than in the period a year ago, but public construction, $4,412,767,000, is 123% higher as a result of the 207% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	June 19, 1941	June 11, 1942	June 18, 1942
Total Construction	$173,306,000	$379,458,000	$155,670,000
Private Construction	18,621,000	5,869,000	11,207,000
Public Construction	154,685,000	373,589,000	144,463,000
State and Municipal	26,375,000	10,962,000	8,231,000
Federal	128,310,000	362,627,000	136,232,000

In the classified construction groups, gains over last week are in waterworks, industrial buildings, earthwork and drainage, and unclassified construction. Increases over the 1941-week totals are in waterworks, industrial buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $4,262,000; sewerage $1,134,000; bridges, $1,030,000; industrial buildings, $6,423,000; public buildings, $98,113,000; commercial building and large-scale private housing, $2,454,000; earthwork and drainage, $1,727,000; streets and roads, $10,254,000; and unclassified construction, $30,273,000.

New capital for construction purposes for the week totals $1,795,000. This compares with $23,150,000 for the week in 1941. The current week's financing is made up of $1,720,000 in state and municipal bond sales, and $75,000 in corporate security issues.

New construction financing for the year to date, $6,872,345,000, is 106% higher than the $3,328,718,000 reported for the corresponding 1941 period.

Non-Ferrous Metals—Production Requirements Plan Needs Clarification—Copper Output Up

Editor's Note.—Upon request of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of June 18, stated: "Interest in non-ferrous metals centered in the Production Requirements Plan that becomes effective July 1. Lead producers and consumers were confused about the meaning of the regulations, because the industry up to the present time has been comparatively free from allocation directives. Under PRP, some contend, distribution control may be imposed by the Government. Production of copper is increasing, output of crude in May reaching a new high for the movement. Ferro alloy prices were reaffirmed for the third quarter. Cobalt ore was raised 10% by the Canadian authorities. The publication further went on to say in part:

Copper

Refinery capacity was discussed early last week by representatives of the industry and Government officials. Capacity has been raised quietly in several directions and most observers feel that careful handling of the entire problem should result in an uninterrupted flow of refined metal from the enlarged output of blister now in sight. The price situation in domestic and foreign copper was unchanged.

Output of copper by Chile, Peru, and Mexico during May totaled 53,950 tons, which compares with 51,312 tons in the month previous. Production in these countries for the first five months of 1942 amounted to 269,465 tons, against 246,541 tons in the January-May period of 1941.

The Copper Recovery Corp. reports that many inventory forms are being received improperly filled out, necessitating their return and causing additional detail work. Questionnaires covering frozen stocks and excessive inventories are still being mailed to fabricators and consumers by the War Production Board. More care in filling out the forms is urged to speed the movement of "frozen" copper and copper alloys for the war effort.

Lead

Producers have been selling July lead more freely, with the result that the sales for the last week again were large. Whether lead will receive special consideration under PRP, because of a fairly comfortable supply situation, is not clear at present. Under the plan now in force lead is almost free from priority regulations. Quotations for common lead continued at 6.50c, New York, and at 6.35c, St. Louis.

Zinc

There was talk in the industry of a new zinc conservation order. The position of High Grade, because of lend-lease demands, is described as tight, notwithstanding a steady upward trend in output.

Quicksilver

The price situation in quicksilver was unchanged last week. On quantity business there were sellers in New York at $192.50 plus commission, which brings the price up to $194.43 per flask of 76 pounds. Metals Reserve's bid of $192 for surplus quicksilver has been supporting the price structure. Statistics are no longer available, creating confusion on the status of the industry and nervousness among both consumers and producers.

Tin

Restrictions on use of tin are cutting deeply into consumption. The market situation in the metal remains unchanged. Some in the trade believe that the 52c basis for Straits quality tin will be maintained even though the Government may be forced to pay a higher price for Bolivian tin concentrate.

Straits quality tin for future delivery was nominally as follows:

	June	July	Aug.
June 11	52,000	52.000	52.000
June 12	52,000	52.000	52.000
June 13	52.000	52.000	52.000
June 15	52.000	52.000	52.000
June 16	52.000	52.000	52.000
June 17	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125c, all week.

Silver

The silver market in London has been quiet and steady, with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c and 35c.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
June 23	118.23	106.39	116.22	112.93	107.62	91.05	95.47	110.88	113.89
22	118.29	106.39	116.41	112.93	107.62	91.05	95.47	110.88	113.89
20	118.34	106.39	116.22	112.93	107.44	91.19	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
18	118.35	106.39	116.22	112.93	107.62	91.34	95.62	110.88	113.70
17	118.38	106.39	116.22	112.93	107.62	91.19	95.62	110.88	113.50
16	118.31	106.39	116.22	112.93	107.44	91.19	95.62	110.88	113.70
15	118.36	106.21	116.02	112.93	107.44	91.19	95.62	110.88	113.50
13	118.35	106.21	116.02	112.75	107.62	91.19	95.62	110.88	113.50
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
11	118.32	106.21	115.82	112.75	107.44	91.05	95.62	110 88	113.31
10	118.32	106.21	115.82	112.93	107.44	91.19	95.77	110.88	113.31
9	118.39	106.21	115.82	113.12	107.44	91.19	95.77	110.88	113.50
8	118.37	106.21	115.82	112.93	107.27	91.48	95.77	110.88	113.50
6	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.51
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
4	118.39	106.21	116.02	112.75	107.44	91.34	95.62	110.70	113.50
3	118.41	106.21	115.82	112.93	107.44	91.34	95.77	110.70	113.50
2	118.33	106.39	116.02	112.75	107.44	91.48	95.77	110.70	113.70
1	118.30	106.39	116.02	112.93	107.44	91.77	95.92	110.88	113.70
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.47	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago June 23, 1941	119.09	107.44	118.00	114.66	107.80	91.77	97.00	111.62	114.46
2 Years ago June 22, 1940	115.49	101.64	115.24	111.81	101.80	82.52	89.09	107.98	109.79

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus
June 23	3.37	2.84	3.01	3.30	4.34	4.04	3.12	2.96
22	3.37	2.83	3.01	3.30	4.34	4.04	3.12	2.96
20	3.37	2.84	3.01	3.31	4.33	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
18	3.37	2.84	3.01	3.30	4.32	4.03	3.12	2.97
17	3.37	2.84	3.01	3.30	4.33	4.03	3.12	2.98
16	3.37	2.84	3.01	3.31	4.33	4.03	3.12	2.97
15	3.38	2.85	3.01	3.31	4.33	4.03	3.12	2.98
13	3.38	2.85	3.02	3.30	4.33	4.03	3.12	2.98
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
11	3.38	2.86	3.02	3.31	4.34	4.03	3.12	2.99
10	3.38	2.86	3.01	3.31	4.33	4.02	3.12	2.99
9	3.38	2.86	3.00	3.31	4.33	4.02	3.12	2.98
8	3.38	2.86	3.01	3.32	4.31	4.02	3.12	2.98
6	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
4	3.38	2.85	3.02	3.31	4.32	4.03	3.13	2.98
3	3.38	2.86	3.01	3.31	4.32	4.02	3.13	2.98
2	3.37	2.85	3.02	3.31	4.31	4.02	3.13	2.97
1	3.37	2.85	3.01	3.31	4.29	4.01	3.12	2.97
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.04	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.12	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago June 23, 1941	3.31	2.75	2.92	3.29	4.29	3.94	3.08	2.93
2 Years ago June 22, 1940	3.65	2.89	3.07	3.64	4.98	4.48	3.28	3.18

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

June	Electrolytic Copper		Straits Tin,	Lead		Zinc
	Domest., Refin.	Exp., Refin.	New York	New York	St. Louis	St. Louis
11	11.775	11.700	52.000	6.50	6.35	8.25
12	11.775	11.700	52.000	6.50	6.35	8.25
13	11,775	11.700	52,000	6.50	6.35	8.25
15	11.775	11.700	52.000	6.50	6.35	8.25
16	11.775	11.700	52.000	6.50	6.35	8.25
17	11.775	11.700	52.000	6.50	6.35	8.25
Avenage	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended June 13 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c is deducted from f.a.s. basis (lighterage, to arrive at the f.o.b. refinery quotation).

Net Profits Held Down By Taxation In 1941

The marked increase in the volume of business transacted by American industry in 1941, as a result of the greatly accelerated defense and war production, did not produce a corresponding increase in net profits, contrary to popular belief, according to a survey made by the American Federation of Investors, Inc.

A survey of 63 representative corporations, according to the corporation, reveals that, while net sales or operating revenue rose 30% in 1941 over 1940, net profits of these companies (after taxes) increased only 11% in 1941 over the previous year. Under date of June 15, the Federation also has the following to say:

> Taxes for 1941 (Federal, State and local) increased 80% over 1940, amounting to 58% of net income (before taxes) and 139% of net income (after taxes).
>
> The 63 companies listed in the Federation's study represent a fair cross-section of American industry, including manufacturing of all types, steel and aviation plants, food and consumer goods distribution, public utilities, petroleum products, and railroads. These corporations are owned by 4,500,000 shareholders, and in December, 1941, employed more than 3,000,000 workers, an increase of over 500,000 during the year. Gross assets of these companies aggregate more than $36,500,000,000.

Total taxes of these 63 companies for 1941 amounted to $2,370,000,000, compared with $1,324,000,000 in 1940. Net income (after taxes) in 1941 aggregated $1,703,000,000, compared with $1,531,000,000 in 1940. In other words, total taxes increased $1,046,000,000 for 1941, while net income (after taxes) increased only $172,000,000. Yet net sales for the same period showed an increase of $4,875,000,000.

Charles Mullenix To Head Mortgage Bankers

Charles A. Mullenix of Cleveland will be the next President of the Mortgage Bankers Association of America succeeding Frederick P. Champ of Logan, Utah, it was announced in Chicago on June 20 by Dean R. Hill, Chairman of the organization's nominating committee, at the regular Spring meeting of the MBA board of governors. Nomination, through official channels, is tantamount to election at the Association's 29th annual convention in Chicago, Sept. 30 and Oct. 1 and 2.

Mr. Mullenix is President of The Cuyahoga Estates Company, was the first President of the Mortgage Bankers Association of Cleveland and is a former President of the National Association of Apartment House Owners. He is a member of the Cleveland Real Estate Board, Appraisal Institute of the National Association of Real Estate Boards, a trustee and former President of the Apartment House Owners Association of Cleveland and was a governor of the Ohio Real Estate Association for three years.

Moody's Daily Commodity Index

Tuesday, June 16	228.4
Wednesday, June 17	229.7
Thursday, June 18	229.2
Friday, June 19	229.1
Saturday, June 20	229.6
Monday, June 22	229.6
Tuesday, June 23	229.6
Two weeks ago, June 9	227.8
Month ago, May 23	231.8
Year ago, June 23	202.7
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

Condition Of National Banks

The statement of condition of the National banks under the Comptroller's call of April 4, 1942, has just been issued and is summarized below. For purposes of comparison, like details for previous calls back to and including June 30, 1941, are included.

CONDITION OF NATIONAL BANKS IN THE UNITED STATES ON JUNE 30, SEPT. 24 AND DEC. 31, 1941 AND APRIL 4, 1942
[In thousands of dollars]

	June 30, 1941 (5,136 banks)	Sept. 24, 1941 (5,131 banks)	Dec. 31, 1941 (5,123 banks)	Apr. 4, 1942 (5,115 banks)
ASSETS	$	$	$	$
Loans and discounts, including overdrafts	10,922,483	11,470,256	11,751,792	11,569,311
U. S. Government securities, direct obligations	8,856,499	8,593,247	9,786,743	10,665,769
Obligations guaranteed by U. S. Government	2,279,453	2,534,541	2,286,309	2,116,310
Obligations of States and political subdivisions	2,020,242	2,068,091	2,024,715	2,082,182
Other bonds, notes, and debentures	1,590,191	1,606,133	1,588,006	1,563,719
Corporate stocks, including stock of Federal Reserve banks	208,409	203,946	201,735	197,688
Total loans and investments	*25,877,277*	*26,476,214*	*27,639,300*	*28,194,979*
Cash, balances with other banks including reserve balances, and cash items in process of collection	14,521,658	15,142,138	15,001,930	14,410,735
Bank premises owned, furniture and fixtures	592,897	591,544	590,579	591,922
Real estate owned other than bank premises	96,568	91,620	81,697	76,910
Investments and other assets indirectly representing bank premises or other real estate	61,764	60,629	54,036	53,445
Customers' liability on acceptances outstanding	49,977	39,492	40,139	34,950
Interest, commissions, rent, and other income earned or accrued but not collected	61,469	65,759	64,346	74,141
Other assets	53,025	53,710	66,207	59,455
Total assets	41,314,635	42,521,106	43,538,234	43,496,537
LIABILITIES				
Demand deposits of individuals, partnerships, and corporations	19,194,051	19,944,103	20,480,952	20,287,746
Time deposits of individuals, partnerships, and corporations	8,042,313	8,044,337	7,964,912	7,721,120
Deposits of U. S. Government, including postal savings	540,937	603,581	1,142,734	1,493,858
Deposits of States and political subdivisions	2,529,179	2,578,267	2,590,940	2,735,059
Deposits of banks	6,591,645	6,957,718	6,789,685	6,843,042
Other deposits (certified and cashiers' checks, etc.)	453,178	410,314	585,549	396,668
Total deposits	37,351,303	38,532,830	39,554,772	39,477,493
Demand deposits	*28,836,324*	*30,041,996*	*31,103,009*	*31,309,194*
Time deposits	*8,514,979*	*8,496,324*	*8,451,763*	*8,168,299*
Bills payable, rediscounts, and other liabilities for borrowed money	2,005	9,275	3,778	12,270
Mortgages or other liens on bank premises and other real estate	59	59	67	99
Acceptances executed by or for account of reporting banks and outstanding	59,379	45,931	47,558	41,277
Interest, discount, rent, and other income collected but not earned	55,644	59,998	52,613	48,508
Interest, taxes, and other expenses accrued and unpaid	56,215	68,168	62,570	74,779
Other liabilities	191,889	171,034	167,777	169,529
Total liabilities	37,716,494	38,892,785	39,889,135	39,823,955
CAPITAL ACCOUNTS				
Capital stock (see memoranda below)	1,523,383	1,514,706	1,515,794	1,511,895
Surplus	1,336,090	1,350,710	1,388,672	1,396,118
Undivided profits	498,376	521,283	499,081	515,127
Reserves (see memoranda below)	240,292	241,622	245,552	249,442
Total capital accounts	3,598,141	3,628,321	3,649,099	3,672,582
Total liabilities and capital accounts	41,314,635	42,521,106	43,538,234	43,496,537
MEMORANDA				
Par value of capital stock:				
Class A preferred stock	171,260	159,527	155,547	147,254
Class B preferred stock	13,181	13,098	12,983	12,745
Common stock	1,340,705	1,343,743	1,348,834	1,353,386
Total	1,525,146	1,516,368	1,517,364	1,513,385
Retirable value of preferred capital stock:				
Class A preferred stock	219,908	207,724	202,908	191,862
Class B preferred stock	15,129	15,046	b14,948	14,693
Total	235,037	222,770	b217,856	206,555
Reserves:				
Reserve for dividends payable in common stock	6,667	241,622	6,187	249,442
Reserve for other undeclared dividends	8,494		8,155	
Retirement account for preferred stock	20,503		19,312	
Reserves for contingencies, etc	204,628		211,898	
Total	240,292	241,622	245,552	249,442
Pledged assets and securities loaned:				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	2,673,112	2,787,388	3,374,484	3,801,844
Other assets pledged to secure deposits & other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement	601,405	580,382	635,813	595,492
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	100,882	101,866	94,481	94,116
Securities loaned	19,344	27,152	17,518	23,733
Total	3,394,743	3,496,788	4,122,296	4,515,185
Secured liabilities:				
Deposits secured by pledged assets pursuant to requirements of law	2,746,217	2,802,808	3,462,951	3,840,459
Borrowings secured by pledged assets, including rediscounts and repurchase agreements	1,984	8,613	3,096	10,006
Other liabilities secured by pledged assets	521	549	612	424
Total	2,748,722	2,811,970	3,466,659	3,850,889
Details of demand deposits:				
Deposits of individuals, partnerships, and corporations	19.194,051	19,994,103	20,480,952	20,287,746
Deposits of United States Government	498,900	566,645	1,105,403	1,457,768
Deposits of States and political subdivisions	2.200,817	2,267,161	2,240,083	2,409,675
Deposits of banks in the United States (including private banks and American branches of foreign banks)	6,151,745	6,853,773	6,359,909	6,757,337
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	337,633		331,113	
Certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve banks (transit account)	453,178	410,314	585,549	396,668
Total demand deposits	28,836,324	30,041,996	31,103,009	31,309,194
Details of time deposits:				
Deposits of individuals, partnerships, and corporations:				
Savings deposits	7,152,681	8,044,337	7,211,689	7,721,120
Certificates of deposit	504,332		468,195	
Deposits accumulated for payment of personal loans	55,138		64,442	
Christmas savings and similar accounts	91,237		20.340	
Open accounts	238,925		200,246	
Total	8,042,313	8,044,337	*7,964,912*	*7,721,120*
Postal-savings deposits b	42,037	36,936	37,331	36.090
Deposits of States and political subdivisions	328,362	311,106	350,857	325,384
Deposits of banks in the United States (including private banks and American branches of foreign banks)	96,944	103,945	93,350	85,705
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	5,323		5,313	
Total time deposits	8,514,979	8.496.324	8,451,763	8,168,299
Ratio of required reserves to net demand plus time deposits:				
Total, Central Reserve city banks	21.57%	26.60%	24.72%	24.83%
Total, Reserve city banks	14.10%	14.29%	16.48%	16.69%
Total, Country banks	8.45%	8.58%	10.36%	10.46%
Total, all member National banks	14.88%	14.93%	17.08%	17.32%

b Includes United States Treasurer's time deposits—open accounts.

Note.—Beginning with the call as of Oct. 2, 1939, and continuing with each subsequent spring and autumn call a "short" form, eliminating schedules of loans and investments, etc., was adopted for obtaining condition reports of national banks.

Daily Average Crude Oil Production For Week Ended June 13, 1942 Increased 98,850 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 13, 1942, was 3,700,350 barrels, an increase of 98,850 barrels over the preceding week, and 64,050 barrels in excess of the daily average for the month of June, 1942, as recommended by the Office of Petroleum Coordinator. The current figure, however, was 122,400 barrels below the daily average for the week ended June 14, 1941. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,478,000 barrels of crude oil daily during the week ended June 13, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 91,994,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,389,000 barrels during the week ended June 13, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations June	*State Allowables Beginning June 1	—Actual Production—		**4 Weeks Ended** June 13 1942	**Week Ended** June 14 1941
			Week Ended June 13 1942	Change From Previous Week		
Oklahoma	436,600	436,600	†375,650	— 4,550	381,350	415,700
Kansas	281,900	281,900	†279,750	+ 61,450	252,700	218,550
Nebraska	4,100	------	†3,650	— 300	3,900	4,600
Panhandle Texas			87,300	+ 300	90,100	74,300
North Texas			149,400	— 100	150,100	129,500
West Texas			204,800	— 2,300	194,650	261,900
East Central Texas			87,600	+ 9,000	88,350	79,650
East Texas			362,600	— 6,050	399,200	373,400
Southwest Texas			130,850	— 12,050	138,250	210,900
Coastal Texas			243,950	+ 2,150	263,150	276,350
Total Texas	1,068,600	‡1,351,667	1,266,500	— 9.050	1,323,800	1.406,000
North Louisiana			88,600	+ 1,450	87,050	74,150
Coastal Louisiana			220,050	+ 4,300	215,800	248,250
Total Louisiana	311,300	334,300	308,650	+ 5,750	302,850	322,400
Arkansas	75,300	75,300	73,700	+ 500	72,600	72,600
Mississippi	49,200		†85,150	+ 900	84,250	25,200
Illinois	320,800		277,350	— 16,300	288,950	337,600
Indiana	18,900		†20,000	— 2,200	21,350	21,050
Eastern (not incl. Ill. & Ind.)	106,800		98,450	+ 2,400	98,450	90,450
Michigan	63,100		69,800	+ 4,300	65,450	38,050
Wyoming	96,200		90,200	— 3,600	93,100	84,350
Montana	23,400		21,750	— 50	21,750	19,200
Colorado	7,600		6,400	— 500	6,600	3,950
New Mexico	80,600	80,600	54,550	----	54,500	113,050
Total East of Calif.	2,944,400		3,031,550	+ 38,750	3,071,600	3,172,750
California	691,900	§691,900	668,800	+ 60,100	622,950	650,000
Total United States	3,636,300		3,700,350	+ 96,850	3,694,550	3,822,750

*O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in March, 1942, as follows: Oklahoma, 29,200; Kansas, 5,500; Texas, 105,600; Louisiana, 18,500; Arkansas, 2,700; New Mexico, 5,600; California, 39,000; other states, 20,400.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a.m. June 10.

‡This is the net basic 15-day allowable for the period June 1 to 15, inclusive. A state-wide shutdown was ordered for June 1, 6, 7, 13 and 14.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED JUNE 13, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

	Daily Refining Capacity		Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——					
			Crude Runs to Stills					
District—	Potential Rate	% Reporting	Daily Average	% Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,556	65.3	4,656	42,786	14,825	16,967
Appalachian	174	84.5	153	87.9	429	3,063	462	540
Ind., Ill., Ky.	784	84.9	695	88.6	2,270	18,242	3,079	3,158
Okla., Kansas, Mo.	418	81.1	336	80.4	1,194	8,456	1,131	1,623
Rocky Mountain	138	50.7	98	71.0	302	2,511	334	570
California	787	90.9	640	81.3	1,538	16,936	11,445	55,901
Tot. U. S. B. of M. basis June 13, 1942	4,684	86.9	3,478	74.3	10,389	†91,994	31,276	78,759
Tot. U. S. B. of M. basis June 6, 1942	4,684	86.9	3,451	73.7	10,310	93,305	31,535	79,556
U. S. Bur. of Mines basis June 14, 1941			3,782	----	12,602	91,431	27,019	91,700

*At the request of the Office of the Petroleum Coordinator.

†Finished 84,494,000 bbls.; unfinished 7,500,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines.

May War Bond Sales Exceed Quota By 5.7%

The Treasury Department on June 8 announced that the national sales of War Savings Bonds for the month of May totaled $634,356,000 or 5.7% above the $600,000,000 quota.

The best showing was made by Hawaii with sales of $5,985,000 which were 603.3% above its quota of $992,000. Alaska was second with 248.5%, representing sales of $492,000 and a quota of $294,000.

Of the States, Utah and Iowa exceeded their quotas by the greatest amount, 71.3% and 54.1%, respectively. Utah sold $2,057,000 worth, against a quota of $1,201,000, while Iowa had sales of $13,870,000, compared with a $9,000,000 quota.

According to the breakdown by States, New York's sales of $106,671,000, while the largest, were 14.7% below its quota of $125,000,000. The other States failing to meet their quotas were Delaware, Maryland, Massachusetts, Montana, New Jersey, Pennsylvania, Rhode Island, West Virginia and Wyoming. The District of Columbia also failed to meet its quota.

Preliminary reference to May sales appeared in our June 4 issue, page 2108.

Federal Reserve May Business Indexes

The Board of Governors of the Federal Reserve System issued on June 19 its monthly indexes of industries production, factory employment and payrolls, etc. At the same time the Board issued its customary summary of business conditions. The indexes for May, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings; 1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	May 1942	April 1942	May 1941	May 1942	April 1942	May 1941
Industrial production—						
Total	†176	173	154	†177	171	155
Manufactures—						
Total	†184	181	160	†185	180	160
Durable	†239	232	190	†241	232	192
Nondurable	†139	139	135	†139	138	134
Minerals	†131	130	125	†133	125	127
Construction contracts, value—						
Total	†121	128	101	†146	145	121
Residential	†70	82	88	†83	96	104
All other	†163	165	111	†198	185	136
Factory employment—						
Total	*	135.4	124.9	*	136.1	124.9
Durable goods	*	148.1	129.5	*	149.8	131.3
Nondurable goods	*	123.3	120.5	*	123.0	118.8
Factory payrolls—						
Total	---	---	---	*	186.6	144.1
Durable goods	---	---	---	*	223.9	163.1
Nondurable goods	---	---	---	*	144.9	122.9
Freight-car loadings	143	143	135	138	136	131
Department store sales, value	†107	117	105	†107	115	106
Department store stocks, value	*	117	74	*	121	76

*Data not yet available. †Preliminary or estimated.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
	May 1942	April 1942	May 1941	May 1942	April 1942	May 1941
Manufactures—						
Iron and steel	*	*	183	*	*	183
Pig iron	*	*	175	*	*	175
Steel	218	217	195	218	217	195
Open hearth & Bessemer	180	179	174	180	179	174
Electric	484	483	347	484	483	347
Machinery	†278	268	206	†278	268	206
Transportation equipment	†372	346	228	†372	346	229
Non-ferrous metals & products	†187	182	189	†188	183	191
Copper smelting	†162	155	144	†162	155	144
Zinc smelting	184	185	170	184	185	170
Copper deliveries	†205	195	233	†205	195	233
Zinc shipments	146	145	144	146	145	144
Lumber and products	†135	133	132	†137	132	134
Lumber	†127	127	122	†134	127	130
Furniture	†151	146	152	†142	142	143
Stone, clay, & glass products	†153	153	143	†174	153	161
Cement	*	161	134	*	161	163
Polished plate glass	35	43	142	35	43	142
Textiles and products	†156	157	157	†156	157	157
Cotton consumption	175	177	165	175	177	165
Rayon deliveries	169	170	169	169	170	169
Wool textiles	*	153	165	*	153	165
Leather products	†125	126	124	†123	130	122
Tanning	*	129	119	*	130	116
Cattle hide leathers	*	146	130	*	146	127
Calf and kip leathers	*	91	99	*	90	94
Goat and kid leathers	*	115	105	*	119	103
Shoes	†123	124	128	†120	130	126
Manufactured food products	†135	136	123	†131	123	119
Wheat flour	105	98	110	96	92	100
Meat packing	†137	142	132	†138	134	132
Other manufactured foods	†137	137	122	†124	121	111
Paper and products	*	148	142	*	151	141
Paperboard	144	154	158	141	157	155
Newsprint production	104	109	114	105	109	115
Printing and publishing	†117	116	122	†120	122	126
Newsprint consumption	100	98	107	104	105	111
Petroleum and coal products	*	119	125	*	118	126
Petroleum refining	*	112	122	*	111	122
Gasoline	†99	106	124	†99	104	124
Fuel oil	*	126	119	*	123	119
Lubricating oil	*	126	118	*	131	122
Kerosene	*	106	115	*	108	115
Coke	162	162	149	162	162	149
Beehive	513	494	408	513	494	408
Byproduct	152	152	141	152	152	141
Chemicals	†169	164	136	†168	167	135
Minerals—						
Fuels	†127	126	121	†123	121	118
Bituminous coal	†173	178	147	†147	150	125
Anthracite	†105	114	80	†115	122	88
Crude petroleum	†111	107	114	†114	109	118
Metals	†156	151	152	†191	154	181
Iron ore	225	217	195	371	236	323
Copper	†177	164	159	†177	169	159
Lead	*	132	115	*	135	117

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	164	160	138	139	135	117
Coke	197	200	182	181	176	167
Grain	115	117	124	99	100	107
Livestock	98	101	91	89	90	82
Forest products	155	159	130	161	159	135
Ore	289	‡289	266	303	218	276
Miscellaneous	142	141	136	144	142	138
Merchandise, l.c.l.	62	80	102	62	81	102

*Data not yet available. †Preliminary or estimated. ‡Revised.

Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

Dept. Of Labor Reports Wholesale Prices Continued Steady In June 13 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on June 18 that average prices for most industrial commodities in primary markets during the week ended June 13 continued steady for the fifth consecutive week since the effective date of the General Maximum Price Regulation. Agricultural markets showed further weakness. Largely as a result of declining prices for livestock, dairy products, cereal products and cattle feed, the Bureau's comprehensive index of 889 price series dropped 0.3% to the lowest level since mid-April. The general index is slightly lower than at this time last month but is 13½% above a year ago.

The Bureau makes the following notation:

"During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for May 16, 1942, and June 14, 1941, and the percentage changes from a week ago, a month ago, and a year ago.

(1926=100)

						Percentage changes to June 13, 1942 from—		
Commodity Groups—	6-13 1942	6-6 1942	5-30 1942	5-16 1942	6-14 1941	6-6 1942	5-16 1942	6-14 1941
All Commodities	*98.4	*98.7	*98.8	*98.5	86.7	—0.3	—0.1	+13.5
Farm products	104.3	105.6	106.0	104.3	81.1	—1.2	0.0	+28.6
Foods	99.5	99.7	99.4	98.2	82.6	—0.2	+1.3	+20.5
Hides and leather products	118.9	118.8	119.0	119.8	108.4	+0.1	—0.8	+ 9.7
Textile products	97.2	97.2	97.2	97.3	83.8	0.0	—0.1	+16.0
Fuel and lighting materials	78.9	78.9	78.9	78.8	78.7	0.0	+0.1	+ 0.3
Metals and metal products	*104.9	*104.0	*104.0	*104.0	98.4	0.0	0.0	+ 5.7
Building materials	109.9	109.9	109.9	110.1	100.9	0.0	—0.2	+ 8.9
Chemicals and allied products	97.2	97.2	97.3	97.3	83.7	0.0	—0.1	+16.1
Housefurnishing goods	104.5	104.5	104.5	104.6	93.7	0.0	—0.1	+11.5
Miscellaneous commodities	89.9	90.0	90.1	90.2	80.2	—0.1	—0.3	+12.1
Raw materials	99.6	100.4	100.6	98.9	82.9	—0.8	+0.7	+20.1
Semimanufactured articles	92.8	92.7	92.7	92.8	87.3	+0.1	0.0	+ 6.3
Manufactured products	*98.8	*98.9	*99.1	*99.3	88.7	—0.1	—0.5	+11.4
All commodities other than farm products	*97.1	*97.2	*97.3	*97.2	87.9	—0.1	—0.1	+10.5
All commodities other than farm products and foods	*95.9	*95.9	*95.9	*95.9	88.8	0.0	0.0	+ 8.0

*Preliminary.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the production of soft coal in the week ended June 13 is estimated at 11,290,000 net tons, indicating an increase of 110,000 tons, or 1%, over the preceding week. Output in the corresponding week of 1941 amounted to 10,150,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended June 13 was estimated at 1,179,000 tons, an increase of 137,000 tons, or 13.1%, over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 99,000 tons (about 8%). The calendar year to date shows a gain of 13.4% when compared with the same period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended June 13 showed a decrease of 6,600 tons when compared with the output for the week ended June 6. The quantity of coke from beehive ovens increased 21,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COFT COAL, IN NET TONS, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	—Week Ended—			—January 1 to Date—		
*Bituminous and lignite coal—	†June 13, 1942	June 6, 1942	June 14, 1941	June 13, ‡1942	June 14, 1941	June 12, 1937
Total, incl. min. fuel	11,290	11,180	10,150	259,749	205,000	205,839
Daily average	1,882	1,863	1,692	1,875	1,471	1,498
*Crude petroleum— Coal equivalent to weekly output	5,927	5,769	6,123	142,840	138,549	126,411

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, page 702). †Subject to revision. ‡Revised.

ESTIMATED PRODUCTIONS OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	—Week Ended—			—Calendar year to date—		
Penn. anthracite—	§June 13, 1942	June 6, 1942	June 14, 1941	June 13, 1942	June 14, 1941	June 15, 1929
*Total, incl. colliery fuel	1,179,000	1,042,000	1,278,000	26,606,000	23,463,000	32,987,000
†Commercial production	1,120,000	990,000	1,214,000	25,276,000	22,290,000	30,612,000
Beehive coke—						
United States total	170,600	148,700	158,000	3,561,800	2,640,700	3,047,300
By-product coke—						
United States total	1,187,300	1,193,900	‡	27,497,000	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	—Wee Ended—					June avge.
State—	June 6, 1942	May 30, 1942	June 7, 1941	June 8, 1940	June 5, 1937	¶1923
Alaska	5	6	3	3	3	**
Alabama	834	385	338	296	229	387
Arkansas and Oklahoma	77	76	10	19	14	70
Colorado	124	134	70	65	82	175
Georgia and North Carolina	1	1	††	1	††	**
Illinois	1,190	1,117	803	702	547	1,243
Indiana	307	354	377	272	244	416
Iowa	46	38	39	43	25	88
Kansas and Missouri	163	155	77	76	74	128
Kentucky—Eastern	982	1,015	904	796	668	661
Kentucky—Western	242	255	155	86	100	183
Maryland	42	42	35	23	22	47
Michigan	58	58	42	40	37	38
Montana (bituminous and lignite)	6	4	1	2	3	12
New Mexico	29	31	20	21	24	51
North and South Dakota (lignite)	24	25	18	17	15	**14
Ohio	756	660	566	458	419	888
Pennsylvania (bituminous)	2,735	2,687	2,383	2,165	1,758	3,613
Tennessee	145	156	136	103	95	113
Texas (bituminous and lignite)	6	5	7	15	16	21
Utah	105	92	46	44	25	89
Virginia	415	436	397	318	221	240
Washington	33	28	32	26	31	44
*West Virginia—Southern	2,275	2,365	2,233	1,829	1,498	1,380
†West Virginia—Northern	894	835	787	597	467	856
Wyoming	136	130	84	79	79	104
‡Other Western States	††	††	††	††	††	**5
Total bituminous and lignite	11,180	11,090	9,563	8,096	6,696	10,866
§Pennsylvania anthracite	1,042	813	1,125	1,006	969	1,956
Total, all coal	12,222	11,903	10,688	9,102	7,665	12,822

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Inter-City Bus Lines Agree With ODT Order

The comprehensive order concerning curtailment of non-essential bus service, issued by the Office of Defense Transportation on June 9, has been received with satisfaction by the nation's bus companies because many of the new rulings originally released as suggestions by the ODT have already been put into effect by inter-city bus lines, according to Arthur M. Hill, President of the National Association of Motor Bus Operators. According to Mr. Hill, the only schedules added in recent months have been those which were inaugurated for the purpose of handling war-work transportation, and to serve military camps or establishments. Mr. Hill expressed complete agreement with the new order in that it offers a tangible basis from which to plan bus service that will keep pace with the rapidly expanding war program. The announcement issued by the association also has the following to say:

> The immediate effect will be the considerably further conservation of rubber through elimination of schedules which do not carry satisfactory loads, and the elimination of sightseeing and other strictly non-essential travel.
>
> Pleasure travel has been discouraged in bus line advertising for the past three months, because of the ever-increasing volume of essential wartime travel, and because it is estimated that buses are now giving service at the rate of three-fourths of a billion passengers a year, carrying selectees, men in uniform, war workers, and other essential travelers.
>
> During the past 60 days the major inter-city bus lines have been laying plans in anticipation of the ODT ruling, with the result that where bus companies operated competitively over the same routes, their services and facilities are being pooled.

Mr. Hill stated that special services to amusement places would have little effect upon bus line operations because such service is not a primary function of inter-city bus lines.

From the association's announcement we also quote:

> The new rulings are to be made effective between July 1 and July 31. In general, they provide that: 1. Bus operators be required to cancel all limited or express service. 2. Schedules be discontinued if they do not come up to efficiency standards based on average loads. 3. Service to places of amusement be discontinued. 4. Competitive service which covers the same or closely parallel routes be pooled. 5. Present routes be frozen.

Broadens San Francisco Special Offering Plan

The Securities and Exchange Commission announced on June 5 that it had declared effective an amendment to the special offering plan of the San Francisco Stock Exchange. The announcement added:

> The special offering plan as originally made effective on April 17, 1942, was restricted by the provisions of the theretofore existing exemption to Rule X-10B-2, to stocks either listed or admitted to unlisted trading privileges on the Exchange pursuant to the provisions of Section 12 (f) (2) or (3) of the Securities Exchange Act of 1934. By the amendment, made effective June 5, the special offering plan has been extended to include certain additional stocks admitted to unlisted trading privileges on the San Francisco Stock Exchange which meet the broader qualifications now contained in Rule X-10B-2 (d) (1).

Revenue Freight Car Loadings During Week Ended June 13, 1942, Totaled 832,726 Cars

Loading of revenue freight for the week ended June 13 totaled 832,726 cars, the Association of American Railroads announced on June 18. This was a decrease below the corresponding week in 1941 of 30,248 cars, or 3.5%, but an increase above the same week of 1940 of 119,805 cars, or 16.8%.

Loading of revenue freight for the week of June 13 decreased 21,963 cars, or 2.6% below the preceding week.

Miscellaneous freight loading totaled 377,207 cars, a decrease of 8,149 cars below the preceding week, but an increase of 8,581 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 94,556 cars, a decrease of 3,031 cars below the preceding week, and a decrease of 65,041 cars below the corresponding week in 1941.

Coal loading amounted to 166,341 cars, an increase of 2,607 cars above the preceding week, and an increase of 7,720 cars above the corresponding week in 1941.

Grain and grain products loading totaled 34,686 cars, a decrease of 1,185 cars below the preceding week, and a decrease of 2,320 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of June 13 totaled 22,841 cars, a decrease of 570 cars below the preceding week, and a decrease of 612 cars below the corresponding week in 1941.

Live stock loading amounted to 11,159 cars, a decrease of 1,325 cars below the preceding week, but an increase of 1,152 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of June 13 totaled 7,956 cars, a decrease of 1,224 cars below the preceding week, but an increase of 1,009 cars above the corresponding week in 1941.

Forest products loading totaled 48,261 cars, a decrease of 5,058 cars below the preceding week, but an increase of 5,858 cars above the corresponding week in 1941.

Ore loading amounted to 86,285 cars, a decrease of 6,168 cars below the preceding week, but an increase of 12,736 cars above the corresponding week in 1941.

Coke loading amounted to 14,231 cars, an increase of 346 cars above the preceding week, and an increase of 1,066 cars above the corresponding week in 1941.

The Southern, Northwestern and Southwestern districts reported increases, but the Eastern, Allegheny, Pocahontas and Central Western districts reported decreases compared with the corresponding week in 1941, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Week of June 6	854,689	852,940	702,892
Week of June 13	832,726	862,974	712,921
Total	19,361,651	13,056,589	15,433,395

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 13, 1942. During this period 61 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JUNE 13

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	365	625	564	1,307	1,501
Bangor & Aroostook	1,273	1,269	1,318	248	237
Boston & Maine	5,984	9,087	7,709	14,723	13,876
Chicago, Indianapolis & Louisville	1,326	1,338	1,474	2,036	2,555
Central Indiana	23	19	17	69	60
Central Vermont	1,020	1,441	1,344	2,679	2,550
Delaware & Hudson	6,236	7,128	5,658	12,151	10,665
Delaware, Lackawanna & Western	8,063	10,621	9,237	9,834	8,592
Detroit & Mackinac	344	428	289	126	152
Detroit, Toledo & Ironton	1,835	3,168	1,941	1,134	1,324
Detroit & Toledo Shore Line	319	390	279	2,562	3,564
Erie	13,261	15,995	12,507	15,644	15,405
Grand Trunk Western	3,826	6,669	4,543	7,654	9,145
Lehigh & Hudson River	217	229	210	3,388	2,550
Lehigh & New England	1,767	2,402	1,910	2,068	2,087
Lehigh Valley	8,713	10,783	9,204	12,747	9,641
Maine Central	2,298	3,309	2,618	2,932	2,872
Monongahela	6,505	6,012	4,445	325	446
Montour	2,422	2,262	1,875	33	29
New York Central Lines	44,264	52,482	42,758	54,085	50,349
N. Y., N. H. & Hartford	9,534	12,592	9,603	19,513	16,779
New York, Ontario & Western	1,138	1,289	1,189	2,431	2,435
New York, Chicago & St. Louis	7,208	7,123	5,730	15,616	13,092
N. Y., Susquehanna & Western	499	433	401	1,570	1,928
Pittsburgh & Lake Erie	8,092	8,854	7,327	9,969	9,296
Pere Marquette	5,603	7,642	5,774	6,011	6,325
Pittsburgh & Shawmut	792	733	834	37	59
Pittsburgh, Shawmut & North	398	524	362	294	435
Pittsburgh & West Virginia	1,204	1,245	776	3,062	2,254
Rutland	364	545	658	953	1,150
Wabash	4,964	6,030	4,910	11,827	11,216
Wheeling & Lake Erie	5,253	5,437	4,547	4,595	4,433
Total	155,110	188,164	152,011	221,423	207,002
Allegheny District—					
Akron, Canton & Youngstown	608	769	505	1,048	996
Baltimore & Ohio	40,269	41,662	31,428	25,427	21,961
Bessemer & Lake Erie	6,919	6,359	6,171	2,681	2,318
Buffalo Creek & Gauley	288	224	332	3	5
Cambria & Indiana	2,069	2,036	1,325	11	21
Central R. R. of New Jersey	6,974	8,917	7,382	16,688	16,270
Cornwall	623	624	556	62	50
Cumberland & Pennsylvania	275	276	227	9	44
Ligonier Valley	112	99	74	45	42
Long Island	738	858	553	3,752	3,222
Penn-Reading Seashore Lines	1,604	1,801	1,263	2,411	1,931
Pennsylvania System	83,616	89,384	66,214	65,150	61,450
Reading Co.	14,127	18,569	15,429	27,210	22,533
Union (Pittsburgh)	21,151	19,232	17,915	8,278	6,703
Western Maryland	4,122	4,258	3,101	12,552	8,415
Total	183,495	195,068	152,475	165,327	145,961
Pocahontas District—					
Chesapeake & Ohio	29,069	29,246	25,002	13,865	13,932
Norfolk & Western	23,474	24,837	19,582	7,143	6,703
Virginian	4,559	4,930	4,101	2,151	1,860
Total	57,102	59,013	48,685	23,159	22,495
Southern District—					
Alabama, Tennessee & Northern	339	316	173	349	182
Atl. & W. P.—W. R. R. of Ala.	707	769	660	2,585	1,854
Atlanta, Birmingham & Coast	749	708	576	1,095	1,092
Atlantic Coast Line	12,416	11,941	9,724	7,978	6,219
Central of Georgia	3,796	4,411	3,964	3,943	4,035
Charleston & Western Carolina	384	507	478	1,504	1,787
Clinchfield	1,762	1,667	1,291	2,748	2,765
Columbus & Greenville	300	403	234	186	245
Durham & Southern	136	198	162	1,043	500
Florida East Coast	763	515	414	758	782
Gainesville Midland	33	41	24	197	84
Georgia	1,214	1,156	1,070	2,674	1,932
Georgia & Florida	426	404	296	431	629
Gulf, Mobile & Ohio	4,224	3,853	3,119	3,966	3,135
Illinois Central System	26,245	22,198	18,916	16,016	13,752
Louisville & Nashville	26,946	26,835	22,660	9,454	6,709
Macon, Dublin & Savannah	142	189	136	733	826
Mississippi Central	207	167	111	531	430
Nashville, Chattanooga & St. L.	3,740	3,471	2,727	4,033	3,051
Norfolk Southern	1,880	1,292	1,775	1,840	1,140
Piedmont Northern	318	479	437	1,094	1,688
Richmond, Fred. & Potomac	500	415	346	9,977	7,325
Seaboard Air Line	10,186	10,976	8,181	7,812	6,218
Southern System	22,898	25,730	20,082	23,385	19,075
Tennessee Central	590	551	393	1,190	752
Winston-Salem Southbound	89	151	122	754	926
Total	120,990	119,343	98,061	106,276	87,133
Northwestern District—					
Chicago & North Western	20,966	21,883	19,382	12,111	12,346
Chicago Great Western	2,183	2,647	2,458	2,957	3,107
Chicago, Milw., St. P. & Pac.	17,865	21,577	18,780	9,568	9,023
Chicago, St. Paul, Minn. & Omaha	3,219	3,918	3,396	3,249	3,826
Duluth, Missabe & Iron Range	28,603	22,181	19,081	429	350
Duluth, South Shore & Atlantic	1,364	1,266	1,374	491	522
Elgin, Joliet & Eastern	9,742	10,358	8,641	10,012	9,300
Ft. Dodge, Des Moines & South	550	550	530	119	128
Great Northern	24,792	22,588	20,208	4,800	3,698
Green Bay & Western	535	619	524	846	804
Lake Superior & Ishpeming	3,409	2,930	3,024	31	74
Minneapolis & St. Louis	1,934	1,810	1,882	2,113	2,031
Minn., St. Paul & S. S. M.	7,524	7,450	6,054	3,321	2,872
Northern Pacific	10,427	9,297	9,433	5,068	4,329
Spokane International	232	358	233	452	361
Spokane, Portland & Seattle	2,500	2,631	1,798	2,951	2,100
Total	135,845	132,063	116,798	58,518	54,871
Central Western District—					
Atch., Top. & Santa Fe System	23,027	22,316	19,222	10,633	7,051
Alton	3,193	3,645	2,890	4,045	2,608
Bingham & Garfield	704	633	485	114	77
Chicago, Burlington & Quincy	15,650	15,945	13,635	10,318	9,010
Chicago & Illinois Midland	2,221	2,583	1,835	831	776
Chicago, Rock Island & Pacific	11,771	12,516	11,550	10,838	9,706
Chicago & Eastern Illinois	1,846	2,786	2,390	3,657	3,093
Colorado & Southern	792	594	625	1,773	1,738
Denver & Rio Grande Western	3,038	2,329	2,060	4,661	3,330
Denver & Salt Lake	568	264	299	19	21
Fort Worth & Denver City	1,149	1,053	1,132	1,052	1,022
Illinois Terminal	1,685	1,897	1,774	2,374	1,829
Missouri-Illinois	1,262	1,127	842	455	485
Nevada Northern	2,011	1,962	1,452	133	116
North Western Pacific	1,022	934	807	488	416
Peoria & Pekin Union	7	12	14	0	0
Southern Pacific (Pacific)	29,248	29,776	25,367	9,684	6,564
Toledo, Peoria & Western	225	321	449	1,378	1,404
Union Pacific System	12,680	14,101	12,255	12,485	9,758
Utah	576	220	173	6	7
Western Pacific	2,191	1,705	1,676	3,465	2,358
Total	114,866	116,719	100,932	78,409	61,370
Southwestern District—					
Burlington-Rock Island	262	183	177	166	212
Gulf Coast Lines	4,332	2,898	2,624	2,347	1,800
International-Great Northern	2,649	2,131	1,728	2,598	2,126
Kansas, Oklahoma & Gulf	281	176	229	1,308	891
Kansas City Southern	5,033	2,293	1,900	2,840	2,416
Louisiana & Arkansas	4,586	2,127	1,852	2,343	1,847
Litchfield & Madison	384	306	380	1,058	1,142
Midland Valley	619	410	376	250	278
Missouri & Arkansas	115	187	181	275	320
Missouri-Kansas-Texas Lines	4,937	4,130	3,858	4,148	3,345
Missouri Pacific	16,064	15,117	11,728	17,606	10,806
Quanah Acme & Pacific	77	5	86	177	5
St. Louis-San Francisco	9,112	7,999	6,709	6,966	5,376
St. Louis Southwestern	2,847	2,821	2,489	6,505	3,137
Texas & New Orleans	9,682	7,634	5,803	4,558	3,891
Texas & Pacific	4,193	4,002	3,660	6,996	4,403
Wichita Falls & Southern	115	165	161	33	51
Weatherford M. W. & N. W.	30	20	18	23	50
Total	65,318	52,604	43,959	60,197	42,096

Note—Previous year's figures revised.

Electric Output For Week Ended June 20, 1942 Shows 11.1% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 20, 1942, was 3,433,711,000 kwh., which compares with 3,091,672,000 kwh. in the corresponding period in 1941, a gain of 11.1%. The output for the week ended June 13, 1942, was estimated to be 3,463,528,000 kwh., an increase of 11.7% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended June 20, '42	June 13, '42	June 6, '42	May 30, '42
New England	6.1	6.8	7.4	14.6
Middle Atlantic	6.8	9.4	5.8	9.2
Central Industrial	7.5	8.2	7.3	12.6
West Central	9.9	11.7	10.4	10.4
Southern States	19.6	18.8	14.2	10.7
Rocky Mountain	6.3	5.7	1.3	7.0
Pacific Coast	17.8	17.0	17.6	22.1
Total United States	11.1	11.7	9.6	12.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709,331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085
June 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
June 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
June 20	3,433,711	3,091,672	+11.1	2,653,788	1,440,541	1,702,501
June 27	------	3,156,825	------	2,659,825	1,456,961	1,723,428

SEC Reports Individual Savings Show Decline

The Securities and Exchange Commission made public on May 29 an analysis of the volume and composition of saving by individuals in the United States during the first quarter of 1942, continuing a series of quarterly figures recently inaugurated. An earlier analysis, made public by the Commission on April 15, was referred to in our issue of April 23, page 1616.

The more important results of the latest analysis, says the Commission, may be summarized as follows:

1. Individuals saved somewhat less in the first quarter of 1942 than they did in the last quarter of the preceding year.
2. Individuals' purchases of Government bonds increased to some extent, but apparently at the expense of other forms of saving, particularly cash and deposits.
3. Individuals failed to add to their cash holdings and deposits notwithstanding the high level of income. This is in marked contrast to the large increase in cash and deposits in the preceding quarter and in prior quarters of 1940 and 1941.
4. Individuals' debts were reduced substantially in the quarter. This appears to have resulted chiefly from the inability to purchase automobiles and certain other durable consumers' goods. There is no indication that the decrease in debt reflects voluntary debt reduction.

Further details were announced as follows by the Commission on May 29:

> Individuals' gross saving in the first quarter of 1942 amounted to $6,000,000,000. Their liquid saving, i.e., saving exclusive of expenditures on durable goods, amounted to $3,700,000,000. Both of these figures represent a drop in saving from the high point reached in the fourth quarter of 1941. The large decrease in gross saving appears to be attributable primarily to the reduction in expenditures on automobiles and other durable consumers' goods as a result of scarcities. The decrease in liquid saving probably reflects the lower level of income in the hands of individuals after payment of taxes. The volume of liquid saving is higher than might be expected on the basis of the past relationships between such saving and income alone. This seems to be explainable largely in terms of the restrictions placed on the purchases of automobiles and other durable consumers' goods and on the extension of credit for such purchases, resulting not only in an enforced decrease in expenditures on these goods but also in an automatic decrease in outstanding debt. However, there is little evidence in this period of any unusual voluntary diversion from consumption into liquid saving.
>
> Federal Government securities accounted for $2,200,000,000 in the first quarter of 1942, compared with $1,900,000,000 in the preceding quarter. This type of saving constituted 60% of individuals' liquid saving in the first quarter of 1942, compared with 46% in the last quarter of 1941, 17% in the first quarter of 1941, and 8% in 1940. As noted above, the analysis indicates that a considerable part of saving in Federal Government securities was financed by the curtailment of current saving in other forms rather than by curtailment of consumption. In reflection of this tendency, individuals' cash holdings and deposits actually showed a small decline in the first quarter of 1942. This dis-saving was in sharp contrast to the substantial saving in this form in 1940 and

1941, which had amounted on the average to $1,200,000,000 quarterly. The decrease in cash and deposits is the more striking in view of the fact that disposable income in the hands of individuals in the first quarter of 1942 was higher than in any preceding quarter with the exception of the last two quarters of 1941.

The figures for the first quarter of 1942 also show that individuals' total expenditures on automobiles and other durable consumers' goods was $1,700,000,000, a marked decline from the expenditure of $2,600,000,000 in the last quarter of 1941, $2,500,000,000 in the first quarter of 1941, and even higher levels in the other two quarters of 1941. A substantial reduction of $800,000,000 in individuals' debt which had been incurred in the purchase of automobiles and other durable consumers' goods was recorded, due principally to the sharp decline in expenditures on such goods and, to a lesser extent, to the restrictions on the granting of credit. Individuals were compelled to pay off instalment debt previously incurred, at the same time incurring less new debt than usual. The resulting reduction in debt was the highest for any quarter on record.

Of the remaining components of individuals' saving in the first quarter, expenditure on homes amounted to $500,000,000, somewhat less than the amount in the last quarter of 1941, but almost identical with the figure for the first quarter of that year. As in the past, there was a sizable growth in individuals' equity in insurance and pension reserves, amounting to $600,000,000 in private insurance and $400,000,000 in Government insurance. This increase was in line with the level of income. Finally, there was not much change in individuals' net absorption of corporate securities.

Govt. May Buy Autos From Private Owners

The Federal Government may buy automobiles from private owners who voluntarily offer them for sale, it was disclosed on June 11, according to an Associated Press dispatch from St. Louis, which reported:

> The disclosure was made during a discussion of the rubber shortage and the gasoline situation in the "Town Meeting of the Air" over the Blue Network.
>
> Jack Garrett Scott, General Counsel of the Office of Defense Transportation, said in answer to a question that his agency was attempting to make immediate arrangements for sale to the government of automobiles which motorists, for one reason or another, wish to dispose of. He did not elaborate on the plan.

Chicago Home Loan Bank Advances Up In May

The lending of $1,321,521 to Illinois and Wisconsin savings, building and loan associations by the Federal Home Loan Bank of Chicago during May made the busiest month so far in 1942 in advances by the regional institution to local members, the bank announced on June 8. At the same time, A. R. Gardner, President, pointed out it was the smallest May volume of loans in three years. Gain over April loan volume was 20%, but the fall off from May, 1941, was 28%. All but two months so far in '42 have seen lighter demands on the Federal Home Loan Bank than similar months of last year, Mr. Gardner said. Meanwhile repayments of advances from the bank continued at the $1,500,000 pace set in April and were practically double volume of a year ago.

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 19 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended June 6, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended June 6 (in round-lot transactions) totaled 893,645 shares, which amount was 17.36% of total transactions on the Exchange of 2,285,810 shares. This compares with member trading during the previous week ended May 30 of 510,870 shares, or 15.70% of total trading of 1,626,430 shares. On the New York Curb Exchange, member trading during the week ended June 6 amounted to 90,885 shares, or 15.24% of the total volume of that Exchange of 298,135 shares; during the preceding week trading for the account of Curb members of 66,230 shares was 13.95% of total trading of 237,275 shares.

The Commission made available the following data for the week ended June 6:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	986	694
1. Reports showing transactions as specialists	166	84
2. Reports showing other transactions initiated on the floor	131	22
3. Reports showing other transactions initiated off the floor	167	55
4. Reports showing no transactions	600	539

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended June 6, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	84,970	
‡Other sales	2,200,840	
Total sales	2,285,810	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	208,440	
Short sales	37,070	
‡Other sales	139,630	
Total sales	176,700	8.43
2. Other transactions initiated on the floor—		
Total purchases	135,200	
Short sales	13,200	
‡Other sales	97,630	
Total sales	110,830	5.38
3. Other transactions initiated off the floor—		
Total purchases	100,700	
Short sales	12,520	
‡Other sales	49,255	
Total sales	61,775	3.55
4. Total—		
Total purchases	444,340	
Short sales	62,790	
‡Other sales	286,515	
Total sales	349,305	17.36

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended June 6, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	3,595	
‡Other sales	294,540	
Total sales	298,135	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	30,525	
Short sales	3,225	
‡Other sales	33,360	
Total sales	36,585	11.25
2. Other transactions initiated on the floor—		
Total purchases	4,360	
Short sales	100	
‡Other sales	3,125	
Total sales	3,225	1.27
3. Other transactions initiated off the floor—		
Total purchases	9,690	
Short sales	150	
‡Other sales	6,350	
Total sales	6,500	2.72
4. Total—		
Total purchases	44,575	
Short sales	3,475	
‡Other sales	42,835	
Total sales	46,310	15.24
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	50	
§Customers' other sales	20,503	
Total purchases	20,553	
Total sales	12,377	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Retail Food Costs Under Price Regulation Declined 1.1% Between May 15 and June 2

The cost of food subject to the General Maximum Price Regulation declined on the average of 1.1% from May 15 to June 2, Acting Commissioner Hinrichs of the Bureau of Labor Statistics announced on June 15. Retail price regulation became effective on May 18 but did not cover about 40% of the average city family's food budget. Uncontrolled prices continued to rise; the average increase was 2.4% for these items.

The Bureau's announcement further said in part:

> The increase in the total food bill of the average city family in 21 cities was 0.3%. This is the lowest rate of increase observed this year and compares with an increase of 1.7% in 51 cities surveyed in the month preceding the introduction of price control. Changes for both periods are summarized in this release.
>
> The General Maximum Price Regulation requires the return of prices of most commodities to the highest levels reached in March of this year. Thirty-five of the 54 foods included in the Bureau's food cost index were affected by the price order. Section 3 of the Emergency Price Control Act passed by Congress on Jan. 29, 1942, provides that maximum prices shall not be fixed for agricultural commodities until their values in exchange to the farmer shall be at least 10% higher than their average value in the years 1909 to 1914, that is until they have reached 110% of what is known as their parity price. Because of this limitation, no price ceilings are being placed at present on butter, cheese, eggs, poultry, mutton and lamb, evaporated and condensed milk, flour, loose corn meal, dried prunes and dried beans. Fresh fruits and vegetables and fresh fish and seafood are also exempt from the price order, because of the serious administrative difficulties which would be involved in regulating prices of foods which vary so greatly from season to season in quantity and character.
>
> Index numbers of food costs by commodity groups for June 2, 1942 (based on 21 cities) and for May 12, 1942, April 14, 1942, March 17, 1942, May 13, 1941, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	June 2, *1942	May 12, †1942	Apr. 14, 1942	Mar. 17, 1942	May 13, 1941	Aug. 15, 1939
All Foods	122.0	121.6	119.6	118.6	102.1	93.5
Cereals and bakery products	105.0	105.1	105.1	104.8	95.4	93.4
Meats	125.2	124.3	121.5	120.5	104.2	95.7
Beef and veal	122.9	124.1	120.6	119.7	107.0	99.6
Pork	120.8	123.2	120.5	117.5	95.1	88.0
Lamb	128.5	118.2	108.0	108.7	104.7	98.8
Chickens	119.1	113.4	112.2	112.2	106.0	94.6
Fish, fresh and canned	154.7	150.9	‡156.9	158.9	117.2	99.6
Dairy products	122.4	123.3	122.3	121.7	107.7	93.1
Eggs	116.8	115.4	111.3	112.1	94.3	90.7
Fruits and vegetables	130.5	128.6	125.6	123.4	103.5	92.4
Fresh	132.4	129.9	126.2	123.7	105.8	92.8
Canned	122.5	122.7	122.0	120.8	94.2	91.6
Dried	131.8	131.3	130.6	127.9	102.7	90.3
Beverages	122.8	124.6	‡122.6	119.6	96.1	94.9
Fats and oils	120.2	122.4	‡119.9	116.8	88.0	84.5
Sugar	126.7	127.1	128.1	128.5	106.9	95.6

*Based on 21 cities. †Preliminary. ‡Revised.

Nat'l Fertilizer Ass'n Price Index Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and released on June 22, remained unchanged last week. In the week ended June 20, 1942, this index stood at 127.1% of the 1935-1939 average, the same as in the preceding week. A month ago it registered 128.0 and a year ago, 110.2. The Association's report continued as follows:

Although there were fractional advances in several industrial groups as well as in the farm products group, the decline in the foods group was enough to hold the general index to the same level as it was in the preceding week. Prices were mixed in both the foods and farm products groups. Declining prices in eggs, oranges, canned beans, beef, and chickens more than offset advancing prices in flour, potatoes, and lard in the foods group, while in the farm products group gains in most grains, cotton, and hogs were more than enough to offset the losses in rye, calves, and lambs. A slight increase in cotton prices was just enough to raise the index of the textiles group fractionally. Other groups showing small gains were miscellaneous commodities, due to higher prices for cattle feed; and fertilizer materials, due to higher prices for cottonseed meal.

During the week prices of 13 commodities declined and 10 advanced; in the preceding week there were 12 declines and 7 advances; in the second preceding week there were 18 declins and 8 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week June 20 1942	Preceding Week June 13 1942	Month Ago May 16 1942	Year Ago June 21 1941
25.3	Foods	125.1	125.6	125.3	105.4
	Fats and Oils	137.3	136.6	138.7	118.2
	Cottonseed Oil	158.4	158.4	159.3	136.0
23.0	Farm Products	134.5	134.1	137.7	108.1
	Cotton	179.1	176.6	192.1	133.4
	Grains	113.8	112.8	118.3	95.7
	Livestock	131.0	131.0	132.0	106.5
17.3	Fuels	119.7	119.7	119.5	110.2
10.8	Miscellaneous commodities	127.8	127.5	128.1	118.5
8.2	Textiles	147.5	147.2	149.5	132.7
7.1	Metals	104.4	104.4	104.4	103.5
6.1	Building materials	151.6	151.6	151.7	115.4
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	117.7	117.6	118.8	104.7
.3	Fertilizers	115.3	115.3	115.3	102.0
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	127.1	127.1	128.0	110.2

*Indexes on 1926-1928 base were: June 20, 1942, 99.0; June 13, 99.0; June 21, 1941, 85.8.

May Life Insurance Sales Decline

The sales of ordinary life insurance in the United States in May amounted to $457,926,000, about 24% below the volume sold in the corresponding period of 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first five months of 1942, however, continues ahead of last year, amounting to $3,108,922,000, or 9% above the amount sold in the same period of 1941.

The sale volume and the ratios for all sections are reported by the Bureau as follows:

	May 1942		Year to Date	
	Sales Volume in $1,000	Ratios '42-'41 All Cos.	Sales Volume in $1,000	Ratios '42-'41 All Cos.
U. S. Total	$457,926	76%	$3,108,922	109%
New Engl'd	36,248	74%	249,775	108%
M. Atlantic	114,230	70%	856,176	109%
E. N. Cent.	106,445	76%	701,940	107%
W. N. Cent.	48,833	86%	294,496	112%
S. Atlantic	44,679	74%	294,846	106%
E. S. Cent.	17,758	74%	124,683	111%
W. S. Cent.	31,825	77%	223,142	108%
Mountain	12,188	76%	75,758	105%
Pacific	45,720	86%	288,106	119%

Market Transactions In Govts. For May

Market transactions in Government securities for Treasury investment and other accounts in May, 1942, resulted in net purchases of $16,525, Secretary Morgenthau announced on June 15. This compares with net purchases of $300,000 in April.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—		
June	$934,000	purchased
July	No sales or	purchases
August	No sales or	purchases
September	$300,000	sold
October	4,400,000	sold
November	284,000	sold
December	1,139,000	sold
1941—		
January	$2,785,000	purchased
February	11,950,000	purchased
March	No sales or	purchases
April	$743,350	sold
May	200,000	sold
June	447,000	purchased
July	No sales or	purchases
August	No sales or	purchases
September	$2,500	sold
October	200,000	sold
November	No sales or	purchases
December	$60,004,000	purchased
1942—		
January	$520,700	sold
February	29,980,000	purchased
March	5,814,450	purchased
April	300,000	purchased
May	16,625	purchased

Greets George VI

In a message congratulating King George VI of Great Britain on his birthday, President Roosevelt on June 11 took occasion to stress the ties existing between the peoples of the United States, the British Empire and the United Nations "in the high resolve that freedom and justice shall be preserved and made secure." The message follows:

June 11, 1942.

His Majesty, George VI of Great Britain,
London (England):

Upon the occasion of the celebration of Your Majesty's birth it gives me great pleasure to extend my sincere good wishes for your health and happiness and for the continued well-being of all your people.

At this time last year I took occasion to express to you the sympathy and admiration of the American people for the valiant defense of liberty in which the people of the British Empire, were then as now, so bravely engaged. Today the people of this nation are firmly joined in spirit and in arms with the people of the British Empire and the people of all of the United Nations in the high resolve that freedom and justice shall be preserved and made secure.

FRANKLIN D. ROOSEVELT.

May Departmet Store Sales In New York Federal Reserve District 5% Below Year Ago

The Federal Reserve Bank of New York announced on June 17 that May sales of department stores in the Second (New York) Federal Reserve District decreased 5% below a year ago. The combined sales for January through May, however, are 14% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of May were 79% above May, 1941.

The apparel stores in the New York Reserve District reported a loss of 3% in net sales in May, while their stocks on hand were 61% above a year ago.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES—MAY, 1942
Second Federal Reserve District

	Percentage Changes from a Year Ago		
	——Net Sales——		
Department Stores—	May	January through May	Stock on Hand End of Month
New York City	— 4	+13	+86
Northern New Jersey	—10	+13	+75
Newark	— 8	+14	+74
Westchester and Fairfield Counties	+ 2	+21	+54
Bridgeport	+ 5	+24	+61
Lower Hudson River Valley	—11	+ 8	+43
Poughkeepsie	—10	+12	——
Upper Hudson River Valley	—17	+ 8	+59
Albany	—23	+ 2	——
Central New York State	— 5	+18	+75
Mohawk River Valley	+ 5	+31	+75
Syracuse	— 8	+14	+75
Northern New York State	—21	— 3	——
*Southern New York States	— 9	+17	+67
Binghamton	—12	+14	——
Elmira	— 4	+22	——
Western New York State	— 1	+19	+64
Buffalo	0	+22	+65
Niagara Falls	+26	+40	+34
Rochester	— 2	+15	+68
*All department stores	— 5	+14	+79
Apparel stores	— 3	+16	+61

*Subject to possible revision.
25 shopping days, 1942 (4 Saturdays)
26 shopping days, 1941 (5 Saturdays)

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
[1923-25 average = 100]

	1941	——1942——		
	May	March	April	May
Sales (average daily), unadjusted	†95	106	106	99
Sales (average daily), seasonally adjusted	†99	120	110	103
Stocks, unadjusted	†89	137	152	160
Stocks, seasonally adjusted	†86	135	149	156

†Revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the order and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1942—Week Ended—					
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	108	101
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Gross And Net Earnings Of United States Railroads For The Month Of April

The earnings of the railroads of the United States are continuing to reflect the expansion in war efforts. Last month we were able to say that the gross and net earnings for the month of March exceeded those reached in March of any previous year. Now we find that the gross and net earnings for April are not only the largest for any April in any previous year but that they even exceed those for the month of March.

Undoubtedly the gas and rubber situation will and is benefiting the railroads, but to what extent is not known. One large railroad company was surprised to find that their commutation passengers had increased only 5% since the gasoline rationing went into effect.

Tremendous strains are being placed on the railroads to handle the tremendous freight and passenger traffic but they have proved not only capable of handling the situation but have in addition been able to lower their ratio of expenses to earnings for the month of April from 73.28% in 1941 to 64.06% in 1942.

Gross earning of the railroads in April amounted to $572,530,962, against $374,304,676 in April last year, an increase of $198,226,346 or 52.97%. Net earnings for April totaled $205,791,498 against $100,023,867, an increase of $105,767,631 or 105.74%. We now present the comparison in tabular form.

Month of April—	1942	1941	Incr. (+) or Decr. (—)	%
Mileage of 132 roads	231,500	232,227	— 727	—00.31
Gross earnings	$572,530,962	$374,304,616	+$198,226,346	+52.97
Operating expenses	366,739,464	274,280,749	+ 92,458,715	+33.71
Ratio of expenses to earnings	(64.06%)	(73.28%)		
Net earnings	$205,791,498	$100,023,867	+$105,767,631	+105.74

In order to determine the underlying factors for the 52.97% increase in railroad earnings for the month of April last, over the corresponding period of the previous year, we turn now to the general activity of business and industry. We have brought together in the subjoined table the figures representative of activity in the more important industries, which have a direct bearing on the revenues of the railroads for the period under review. Also shown are those figures relating to grain, cotton and livestock receipts and revenue freight car loadings for the month of April, 1942, as compared with the corresponding month of 1941, 1940, 1932 and 1929. Steel ingot production rose to a new peak exceeding 1929's total by some 1,495,703 tons. Building construction contracts, livestock receipts and lumber output also showed substantial gains over 1941. Bituminous coal production surpassed the 1929 total by 4,943,000 tons and last year's production, which was sharply curtailed by the Appalachian strike, by 42,734,000 tons. Anthracite coal production showed an increase of 58.7% over 1941, while the farm product movement on the whole showed a marked increase.

April	1942	1941	1940	1932	1929
Building ($000):					
†Constr. contracts awarded	$498,742	$406,675	$300,504	$121,705	$642,061
Coal (net tons):					
‡Bituminous	49,000,000	6,266,000	32,790,000	20,300,000	44,057,000
§Pennsylvania anthracite	5,068,800	3,198,000	3,746,000	5,629,000	6,205,000
Freight Traffic:					
¶Carloadings, all (cars)	x3,351,038	x2,793,630	x2,495,212	x2,229,173	x3,989,142
††Livestock receipts:					
Chicago (cars)	5,766	6,168	6,192	11,282	17,546
Kansas City (cars)	4,461	2,897	2,012	4,785	7,673
Omaha (cars)	2,100	1,599	1,712	3,603	7,719
‡‡Western flour and grain receipts:					
Flour (000 barrels)	x2,454	x1,708	x1,596	x1,448	x1,700
Wheat (000 bushels)	x11,960	x16,481	x26,446	x12,642	x15,792
Corn (000 bushels)	x26,739	x15,683	x10,868	x9,279	x15,566
Oats (000 bushels)	x5,060	x4,450	x3,998	x4,850	x8,848
Barley (000) bushels)	x4,579	x5,350	x5,909	x2,067	x2,788
Rye (000 bushels)	x920	x1,000	x1,498	x405	x817
Iron and Steel (net tons):					
§§Steel ingot production	7,122,313	6,754,179	4,100,474	1,429,848	5,626,610
Lumber (000 feet):					
¶¶Production	x966,704	x1,016,000	x890,854	x472,963	x1,635,789
¶¶Shipments	x1,146,897	x1,039,386	x906,518	x554,510	x1,686,481
¶¶Orders received	x1,390,899	x1,062,191	x919,613	x506,510	x1,653,561

Note—Figures in above table issued by:

†F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §United States Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years). x Four week's.

Of the individual railroads, 92 of them contributed major increases to make up the greatest gain in gross earnings for one month of one year over the previous corresponding period. The increases of 75 roads in the net category also attained a new high for the month of April.

The Pennsylvania headed both gross and net listings with respective increases of $27,218,794 and $12,034,732. The New York Central was second in the list of gross gains with $14,826,369, while the Chesapeake & Ohio placed second in the net classification with an increase of $7,775,609. It is interesting to note that two of the leading coal carriers of the country, the afore-mentioned Chesapeake & Ohio and the Norfolk & Western, were able to convert exceptionally high percentage of their gross increases into net increases, the Chesapeake & Ohio 77.5% and the Norfolk & Western 74.6%. There were two roads in the gross listing and three in the net that recorded major decreases of $100,000 or more in comparison with April of the previous year. The Grand Trunk Western led in both gross and net with decreases of $302,612 and $423,918 respectively. In the following tabulation we show the major variations of $100,000 or more, whether increases or decreases, for the month of April of the current year in comparison with the April period of 1941:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF APRIL

	Increase
Pennsylvania	$27,218,794
New York Central	*14,826,369
Southern Pacific (2 roads)	12,384,588
Chesapeake & Ohio	10,027,808
Baltimore & Ohio	9,535,360
Atchison Topeka & Santa Fe	9,235,406
Union Pacific	7,960,746
Norfolk & Western	6,997,816
Louisville & Nashville	6,011,777
Southern	5,105,838
Illinois Central	4,658,741
Missouri Pacific	4,432,562
New York N H & Hartford	4,065,122
Reading	3,857,826
Atlantic Coast Line	3,440,429
Erie	3,353,099
Seaboard Air Line	3,350,587
Chicago Milw St. Paul & Pac	3,117,206
New York Chicago & St Louis	2,804,522
Chicago Burlington & Quincy	2,742,715
Chicago Rock Island & Pac	2,258,702
Chicago & North Western	2,231,319
Northern Pacific	2,207,075
Lehigh Valley	2,095,307
Central of New Jersey	2,001,252
Boston & Maine	1,974,039
Great Northern	1,963,530
St Louis- San Fran (2 roads)	1,913,278
Delaware & Hudson	1,765,693
Missouri-Kansas-Texas	1,751,645
Wabash	1,635,030
Denver & Rio Grande West	1,594,775
Delaware Lack & Western	1,583,200
Virginian	1,532,571
Western Maryland	1,347,468
St Louis Southwestern	1,281,031
Pittsburgh & Lake Erie	1,217,587
Western Pacific	1,176,096
Kansas City Southern	1,045,968
Richmond Fredericks. & Pot.	1,024,334
Texas & Pacific	990,054
Yazoo & Mississippi Valley	979,273
Elgin Joliet & Eastern	922,505
Wheeling & Lake Erie	737,709
Alton	729,607
New Orl. Tex & Mex. (3 rds.)	708,613
Alabama Great Southern	699,182
Cinc. N. Orl. & Tex. Pac.	684,020

	Increase
Gulf Mobile & Ohio	$675,492
Florida East Coast	617,673
Long Island	565,124
Monongahela	555,065
New Orleans & Northeastern	536,348
Spokane Portland & Seattle	508,762
Pere Marquette	498,956
International Great Northern	463,275
Bessemer & Lake Erie	462,933
Nashville Chat. & St. L.	427,733
Minn. St P. & S. Ste. M.	411,057
Central of Georgia	400,669
Colorado & Southern (2 rds.)	374,040
Chicago & Illinois Midland	369,123
Chicago Great Western	313,277
Clinchfield	304,650
Chi. St. P. Minn. & Omaha	301,515
Georgia	297,347
Chi. & Eastern Illinois	294,119
New York Ontario & Western	262,688
Lehigh & New England	242,861
Maine Central	228,110
Montour	228,107
Louisiana & Arkansas	208,938
Minneapolis & St. Louis	204,361
Chicago Ind. & Louisville	203,435
Bangor & Aroostook	200,672
Illinois Terminal	193,848
Cambria & Indiana	173,677
Duluth Missabe & Iron Range	168,635
Norfolk Southern	158,637
Tennessee Central	154,865
Lehigh & Hudson River	154,344
Western Ry. of Alabama	147,555
Pittsburgh & West Virginia	147,438
Penn.-Reading Seashore Lines	133,716
Northwestern Pacific	131,866
Atlanta & West Point	110,361
Detroit & Toledo Shore Line	103,417
Ann Arbor	103,091
Total (92 roads)	$197,215,954
	Decrease
Grand Trunk Western	$302,612
Lake Superior & Ishpeming	147,875
Total (2 roads)	$450,487

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $16,043,956.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF APRIL

	Increase		Increase
Pennsylvania	$12,034,732	Elgin Joliet & Eastern	$505,953
Chesapeake & Ohio	7,775,609	Wheeling & Lake Erie	499,040
New York Central	*6,991,947	Florida East Coast	472,526
Atchison Topeka & Santa Fe	5,960,343	Northern Pacific	456,180
Southern Pacific (2 roads)	5,746,038	Alabama Great Southern	436,799
Norfolk & Western	5,220,445	Texas & Pacific	438,038
Baltimore & Ohio	5,084,636	Great Northern	429,233
Louisville & Nashville	3,950,078	New Orl. Tex & Mex (3 rds.)	418,264
Union Pacific	2,831,209	Spokane Portland & Seattle	402,174
Missouri Pacific	2,706,393	Monongahela	381,788
New York N. H. & Hartford	2,481,934	New Orleans & Northeastern	363,662
Reading	2,479,093	Gulf Mobile & Ohio	353,175
Southern	2,421,667	Cinc. N. Orl. & Tex. Pac.	347,269
Illinois Central	2,375,730	Bessemer & Lake Erie	222,726
Seaboard Air Line	2,175,585	Georgia	219,102
Atlantic Coast Line	2,163,067	Clinchfield	212,702
Erie	1,852,132	International Great Northern	209,521
New York Chi. & St. Louis	1,803,124	Chicago & Illinois Midland	205,635
Chicago Burlington & Quincy	1,756,555	Colorado & Southern (2 rds.)	205,544
Central of New Jersey	1,264,063	Alton	190,938
Virginian	1,253,845	Montour	179,239
Chi. Milw. St. P. & Pac.	1,211,448	New York Ontario & West.	166,873
Wabash	1,093,555	Cambria & Indiana	165,322
Denver & Rio Grande West.	1,087,475	Bangor & Aroostook	154,624
Delaware Lack. & Western	1,049,694	Lehigh & New England	149,060
St. Louis-San Fran. (2 rds.)	1,009,512	Pere Marquette	145,815
Chicago & North Western	1,005,261	Chicago Great Western	134,438
Pittsburgh & Lake Erie	981,006	Long Island	133,072
Boston & Maine	949,142	Chicago Ind. & Louisville	115,294
Lehigh Valley	932,730	Lehigh & Hudson River	106,868
Delaware & Hudson	915,715	Central of Georgia	105,809
Missouri-Kansas-Texas	803,017		
Richmond Fredericks. & Pot.	778,251	Total (75 roads)	$104,743,584
Western Pacific	766,325		Decrease
St. Louis Southwestern	724,184	Grand Trunk Western	$423,918
Chicago Rock Island & Pac.	711,629	Lake Superior & Ishpeming	164,994
Western Maryland	679,405	Duluth Missabe & Iron Range	114,454
Yazoo & Mississippi Valley	646,070		
Kansas City Southern	544,257	Total (3 roads)	$703,366

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $7,972,953.

Turning now to our usual summary grouping of the railroads into districts and regions, we find that the Southern District showed the greatest increases in both gross and net with gains of 75.76% and 200.32%, respectively. In the gross listing the Pocahontas region showed a percentage gain of 170.23% while the Central Eastern region recorded the second greatest gain, one of 61.69%. In the net classification the Central Eastern region placed first with an increase of 118.84. The Southern and Central Western regions were second and third, respectively with increases 104.21% and 98.81%. The Northwestern region showed the smallest percentage increase, 25.26%, appearing in the gross category. Our summary grouping appears below, and as previously explained, conforms with the classification of the Interstate Commerce Commission. The boundaries of the various groups and regions are indicated in the footnote to the table:

SUMMARY BY GROUPS

District and Region Month of April	Gross Earnings 1942 $	 1941 $	 Incr. (+) or Decr. (—) $	 %
Eastern District—				
New England region (10 roads)	23,354,025	16,687,478	+ 6,666,547	+39.95
Great Lakes region (23 roads)	100,290,122	68,595,497	+ 31,694,625	+46.21
Central Eastern region (18 roads)	125,988,139	77,918,185	+ 48,069,954	+61.69
Total (51 roads)	249,632,286	163,201,160	+ 86,431,126	+52.96
Southern District—				
Southern region (26 roads)	81,712,853	52,674,136	+ 29,038,717	+55.13
Pocahontas region (4 roads)	31,086,354	11,503,825	+ 19,582,529	+170.23
Total (30 roads)	112,799,207	64,177,961	+ 48,621,246	+75.76
Western District—				
Northwestern region (15 roads)	57,050,731	45,544,603	+ 11,506,128	+25.26
Central Western region (16 roads)	107,960,821	71,706,607	+ 36,254,214	+50.56
Southwestern region (20 roads)	45,087,917	29,674,285	+ 15,413,632	+51.94
Total (51 roads)	210,099,469	146,925,495	+ 63,173,974	+43.00
Total all districts (132 roads)	572,530,962	374,304,616	+198,226,346	+52.97

District and Region Month of April	Mileage 1942	 1941	Net Earnings 1942 $	 1941 $	 Incr. (+) or Decr. (—) $	 %
Eastern District—						
New England region	6,649	6,699	9,200,401	5,555,029	+ 3,645,372	+65.62
Great Lakes region	26,023	26,059	34,467,893	17,654,186	+16,813,707	+95.24
Central East. region	24,224	24,469	43,317,887	19,794,402	+23,523,485	+118.84
Total	56,896	57,227	86,986,181	43,003,617	+43,982,564	+102.28
Southern District—						
Southern region	37,821	38,104	32,707,326	16,016,545	+16,690,781	+104.21
Pocahontas region	6,064	6,076	14,845,899	*182,251	+15,028,150	----
Total	43,885	44,180	47,553,225	15,834,294	+31,718,931	+200.32
Western District—						
Northwestern region	45,616	45,526	17,955,729	14,269,250	+ 3,686,479	+25.84
Central West. region	56,079	56,234	36,020,142	18,118,004	+17,902,138	+98.81
Southwestern region	29,024	29,060	17,276,221	8,798,702	+ 8,477,519	+96.35
Total	130,719	130,820	71,252,092	41,185,956	+30,066,136	+73.00
Total all districts	231,500	232,227	205,791,498	100,023,867	+105,767,631	+105.74

*Deficit.

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

The Western grain movement for April of the current year was somewhat heavier than that of the corresponding period of 1941. Corn receipts increased 11,056,000 bushels to 26,739,000 bushels, and this gain combined with an increase of 610,000 bushels in oats receipts was more than enough to offset minor downward trends in barley and rye and a somewhat more serious decrease of 4,521,000 in wheat receipts. Receipts of flour decreased 146,000 barrels or from 1,708,000 to 1,562,000 barrels.

In the following table we give the month of April and cumulative details of the Western grain movement in our usual form:

WESTERN FLOUR AND GRAIN RECEIPTS

Four Weeks Ended April 25

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	833	493	8,992	1,373	55	1,086
	1941	794	1,166	8,571	1,331	248	926
Minneapolis	1942	---	4,197	1,236	1,180	354	1,513
	1941	---	5,587	334	982	555	2,182
Duluth	1942	---	1,687	585	13	84	111
	1941	---	1,439	275	33	23	355
Milwaukee	1942	35	2	831	137	50	1,306
	1941	81	10	366	32	24	1,313
Toledo	1942	---	600	319	240	234	17
	1941	---	799	239	449	---	12
Indianapolis & Omaha	1942	---	574	4,905	1,025	10	2
	1941	---	1,000	2,433	690	36	---
St. Louis	1942	488	630	2,374	306	63	126
	1941	524	593	625	340	18	152
Peoria	1942	132	229	3,753	112	69	350
	1941	183	110	1,984	207	94	347
Kansas City	1942	74	2,550	2,771	374	---	---
	1941	126	3,815	633	194	---	---
St. Joseph	1942	---	153	672	275	---	---
	1941	---	113	136	163	---	---
Wichita	1942	---	794	---	---	---	---
	1941	---	1,743	---	---	---	4
Sioux City	1942	---	51	300	25	1	68
	1941	---	106	87	29	2	59
Total all	1942	1,562	11,960	26,739	5,060	920	4,579
	1941	1,708	16,481	15,683	4,450	1,000	5,350

WESTERN FLOUR AND GRAIN RECEIPTS

Four Months Ended April 25

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	3,761	2,464	33,128	5,634	1,044	4,628
	1941	3,299	3,525	29,997	4,319	358	4,300
Minneapolis	1942	---	28,279	7,834	9,442	3,689	12,240
	1941	---	15,147	2,741	5,094	2,019	10,852
Duluth	1942	---	9,504	2,726	69	744	1,155
	1941	---	4,058	814	231	98	897
Milwaukee	1942	252	133	3,560	222	364	7,958
	1941	305	105	2,730	137	158	6,308
Toledo	1942	---	2,404	3,296	1,099	273	63
	1941	---	2,692	1,314	2,273	---	31
Indianapolis & Omaha	1942	---	3,932	19,879	3,855	148	32
	1941	---	2,737	11,317	1,910	68	---
St. Louis	1942	2,323	3,367	8,852	1,192	566	808
	1941	2,414	3,571	3,195	1,072	139	574
Peoria	1942	635	650	15,647	534	344	1,205
	1941	792	833	8,991	679	356	1,232
Kansas City	1942	250	12,985	13,241	1,000	---	---
	1941	401	9,314	2,810	528	---	---
St. Joseph	1942	---	954	2,044	1,101	---	---
	1941	---	447	686	671	---	---
Wichita	1942	---	3,758	---	---	---	---
	1941	---	4,936	---	---	---	8
Sioux City	1942	---	357	1,655	280	53	516
	1941	---	462	479	145	4	419
Total all	1942	7,221	68,787	111,862	24,428	7,225	28,605
	1941	7,211	47,827	65,074	17,059	3,200	24,622

In the following we furnish a summary of the April comparisons of the gross and net earnings of the railroads of the country from the current year back to and including 1909:

Month of April	Gross Earnings Year Given	 Year Preceding	 Inc. (+) or Dec. (—)	 %	Mileage Year Given	 Year Preced'g
1909	$196,993,104	$175,071,604	+$21,921,500	+12.52	224,625	221,755
1910	225,856,174	197,024,777	+ 28,831,397	+14.63	228,973	223,794
1911	218,488,587	226,002,657	— 7,514,070	— 3.32	236,693	233,082
1912	220,678,465	216,140,214	+ 4,538,251	+ 2.10	236,722	233,057
1913	245,170,143	220,981,373	+ 24,188,770	+10.95	240,740	236,515
1914	236,531,600	245,048,870	— 8,517,270	— 3.48	243,513	241,547
1915	237,696,378	241,090,842	— 3,394,464	— 1.41	247,701	245,170
1916	288,453,700	237,512,648	+ 50,941,052	+21.45	246,615	245,773
1917	326,560,287	288,740,653	+ 37,819,634	+13.10	248,723	248,120
1918	369,409,895	319,274,981	+ 50,134,914	+15.70	233,884	231,755
1919	388,697,894	370,710,999	+ 17,986,895	+ 4.85	232,708	233,251
1920	401,604,695	389,487,271	+ 12,117,424	+ 3.11	221,725	220,918
1921	433,357,199	402,281,913	+ 31,075,286	+ 7.72	220,340	219,743
1922	416,240,237	432,106,647	— 15,866,410	— 3.67	234,955	234,338
1923	521,387,412	415,808,970	+105,578,442	+25.39	234,970	235,839
1924	474,094,758	522,336,874	— 48,242,116	— 9.24	235,963	235,665
1925	472,591,665	474,287,768	— 1,696,103	— 0.36	236,664	236,045
1926	498,448,309	472,629,820	+ 25,818,489	+ 5.46	236,518	236,526
1927	497,212,491	498,677,065	— 1,464,574	— 0.29	238,183	237,187
1928	473,428,231	497,865,380	— 24,437,149	— 4.91	239,852	238,904
1929	513,076,026	474,784,902	+ 38,291,124	+ 8.07	240,956	240,816
1930	450,537,217	513,733,181	— 63,195,964	—12.30	242,375	242,181
1931	369,106,310	450,457,319	— 81,461,009	—18.08	242,632	242,574
1932	267,473,938	369,123,100	—101,649,162	—27.54	241,976	241,992
1933	227,300,543	267,480,682	— 40,180,139	—15.02	241,680	242,160
1934	265,022,239	224,565,926	+ 40,456,313	+18.02	239,109	241,113
1935	274,185,053	265,037,296	+ 9,147,757	+ 3.45	237,995	239,129
1936	312,908,137	274,144,735	+ 38,763,402	+14.14	237,028	238,208
1937	350,958,792	312,822,778	+ 38,136,014	+12.19	236,093	236,389
1938	267,741,177	350,792,144	— 83,050,967	—23.68	233,928	234,372
1939	281,513,409	267,685,764	+ 13,827,645	+ 5.17	233,555	234,739
1940	320,764,087	281,513,409	+ 39,250,678	+13.94	232,924	233,547
1941	374,304,613	320,891,874	+ 53,412,739	+16.65	232,250	232,951
1942	572,530,962	374,304,616	+198,226,346	+52.97	231,500	232,227

Month of April	Net Earnings Year Given	 Year Preceding	 Increase (+) or Decrease (—)	 %
1909	$62,380,527	$50,787,440	+$11,593,087	+22.83
1910	66,725,896	62,409,630	+ 4,316,266	+ 6.92
1911	64,768,090	66,709,729	— 1,941,639	— 2.91
1912	57,960,871	63,888,490	— 5,927,619	— 9.28
1913	60,122,205	58,082,236	+ 2,039,869	+ 3.51
1914	59,398,711	60,024,235	— 625,524	— 1.04
1915	67,515,544	59,266,322	+ 8,249,222	+13.92
1916	93,092,395	67,396,538	+ 25,695,857	+38.13
1917	93,318,041	93,257,886	+ 60,155	+ 0.06
1918	89,982,415	91,678,695	— 1,696,280	— 1.85
1919	44,850,096	89,943,898	— 45,093,802	—50.14
1920	*2,875,447	44,716,664	— 47,592,111	—93.57
1921	57,658,213	1,862,451	+ 55,795,762	+2995.82
1922	80,514,943	57,474,860	+ 23,040,083	+40.09
1923	118,627,158	80,386,815	+ 38,240,343	+47.57
1924	101,680,719	122,974,961	— 21,294,242	—17.32
1925	102,861,475	97,471,685	+ 5,389,790	+ 5.53
1926	114,685,151	102,920,855	+ 11,764,296	+11.43
1927	113,643,766	114,417,892	— 774,126	— 0.68
1928	110,907,453	113,818,315	— 2,910,862	— 2.56
1929	136,821,660	110,884,575	+ 25,937,085	+23.39
1930	107,123,770	141,939,648	— 34,815,878	—24.53
1931	79,144,653	103,030,623	— 23,885,970	—23.18
1932	56,263,320	79,185,676	— 22,922,356	—28.95
1933	52,585,047	56,261,840	— 3,676,793	— 6.54
1934	65,253,473	51,640,515	+ 13,612,958	+26.36
1935	65,305,735	65,252,005	+ 53,730	+ 0.08
1936	78,326,373	65,214,202	+ 13,112,171	+20.11
1937	89,529,494	78,326,822	+ 11,202,672	+14.30
1938	48,713,813	89,532,796	— 40,818,983	—45.59
1939	54,422,823	48,717,237	+ 5,705,586	+11.71
1940	75,627,655	54,422,823	+ 21,204,832	+38.96
1941	100,508,419	75,696,337	+ 24,812,082	+32.78
1942	205,791,498	100,023,867	+105,767,631	+105.74

*Deficit.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 19 a summary for the week ended June 13, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended June 13, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	9,604
Number of shares	247,567
Dollar value	9,413,783
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	182
*Customers' other sales	8,789
Customers' total sales	8,971
Number of Shares:	
Customers' short sales	4,527
*Customers' other sales	217,090
Customers' total sales	221,617
Dollar value	7,191,653
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	150
†Other sales	69,860
Total sales	70,010
Round-lot Purchases by Dealers—	
Number of shares	86,540

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended June 13, 1942

Lumber production during the week ended June 13, 1942, was 1% greater than the previous week, shipments were 5% greater, new business, 26% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 8% above production; new orders 29% above production. Compared with the corresponding week of 1941, production was 4% greater, shipments, 8% greater, and new business 10% greater. The industry stood at 141% of the average of production in the corresponding week of 1935-39 and 163% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 23 weeks of 1942 was 2% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 10% above the orders of the 1941 period. For the 23 weeks of 1942, new business was 26% above production, and shipments were 15% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 67% on June 13, 1942, compared with 43% a year ago. Unfilled orders were 24% greater than a year ago; gross stocks were 19% less.

Softwoods and Hardwoods

Record for the current week ended June 13, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	466	466	471
Production	269,271	259,345	266,722
Shipments	290,858	268,809	277,451
Orders	348,140	317,315	275,999

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	377		104	
Production	258,315	—100%	10,956	—100%
Shipments	276,440	107	14,418	132
Orders	331,841	128	16,299	149

Items About Banks, Trust Companies

It was announced on June 19 that George LeBoutillier, Vice-President of the Pennsylvania R. R. Co., has been elected Chairman of the Advisory Board of the Chemical Bank & Trust Company branch located at 50 Court Street, Brooklyn. Mr. LeBoutillier has served as a member of this board for several years.

On June 18, 1892 (50 years ago), Walter G. Nelson started his banking career as an office boy to James T. Woodward, President of the Hanover National Bank. Since then, Mr. Nelson has been continuously in the employ of that bank and its successor, Central Hanover Bank and Trust Company. From office boy rank, Mr. Nelson was promoted to the loan department, later becoming loan clerk in charge of Wall Street, merchandise and personal loans, and the bank's investments. In 1922 he was appointed an Assistant Cashier and became an Assistant Vice-President in 1929. Recalling the time when, as a 14-year-old boy, he started work at the bank, Mr. Nelson said:

> There were no telephones in the bank for a year or more after I entered. In 1893, came the banking panic and record failures. My daily hours during that period were often from 8:15 A. M. till beyond midnight. At that time we probably had about 90 employees. We kept our gold stock reserve in safes in an iron-door vault, one flight down, where other cash, securities, loans and discount collateral were lodged each night.
>
> On the old Hanover Board in those days were James T. Woodward, President of the bank; William Barbour, James Stillman, William Rockefeller and Isidor Straus.

Thomas V. Hoffmire has been made Assistant Manager of the London office of Central Hanover Bank and Trust Company. Mr. Hoffmire, who has been attached to the London office since its opening early in 1938, was formerly in the credit department of the New York office.

Howard Bonbright, prominent Detroit banker and director of the Briggs Manufacturing Co., died on June 19 at his home at Grosse Pointe, Mich. He was 54 years old. Son of the late William P. Bonbright, former noted banker of New York and London, England, Mr. Bonbright came to Detroit in 1912 to take charge of the Bonbright & Co. office there, according to the Detroit "Free Press" of June 20.

Frank J. McGlinn, President and Chairman of the Board of Mid-City Bank & Trust Co., Philadelphia, announced the resignation of Richard Curtis as Vice-President and Treasurer and Vice-Chairman of the Board. Mr. Curtis resigned to become Assistant Comptroller of the Philadelphia Transportation Co.

J. D. Henderson, Jr., Vice-President of the bank, has been elected a member and Vice-Chairman of the Board. Other changes in the bank were as follows: F. W. Harvey, formerly Comptroller, was elected Treasurer; Charles A. Felt was appointed Auditor, and J. P. Meaney was appointed Assistant Treasurer.

The Grant County Bank, Sheridan, Ark., has become a member of the Federal Reserve Bank of St. Louis.

The new member was organized in July, 1903. It has a capital of $25,000, surplus of $25,000, and total resources of $408,992. Its officers are: J. A. McCoy, President; A. L. Blakely, Vice-President; Coats A. Mitchell, Cashier, and E. N. Johnson, Assistant Cashier.

The addition of the Grant County Bank brings the total membership of the Federal Reserve Bank of St. Louis to 441. These member banks hold 75% of the deposits of all commercial banks in the Eighth District. This is the fourth State bank in this district to join the system since the first of the year. Twenty-one joined in 1941.

George P. Bushnell and Allen P. Stults have been elected Assistant Cashiers by the directors of American National Bank and Trust Co. of Chicago. Mr. Bushnell, says the Chicago "Journal of Commerce," has been with the company for four years and is the author of its official textbook. Mr. Stults entered the employ of the bank in 1933.

The First National Bank, Marshall, Texas, announces with regret the death on June 5 of its President, Walter Leake Barry.

Favors Changes In Reserve Requirements

Before the House Banking Committee on June 17 Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System asked approval by Congress of legislation granting to the Federal Reserve Board authority to change reserve requirements of member banks in central reserve cities (New York and Chicago) without making corresponding revisions for such banks in the 10 other reserve cities. The introduction in Congress of bills to accomplish this change was noted in our issue of June 11, page 2202. According to Associated Press accounts from Washington June 17 Mr. Eccles told the House Committee that Congress should approve that discretion because prospective heavy withdrawals for tax payments and for financing the war deprived the largest banks of the degree of flexibility that the current war situation demanded. These advices added:

> He also proposed elimination of the prohibition against member banks making loans while their reserves were deficient and recommended this regrouping of banks for nominating members of the system's open market committee:
>
> The New York City Federal Reserve Bank would have one representative at all times; one would be selected from Boston, Philadelphia and Richmond; another from Cleveland and Chicago; one from Atlanta, Dallas and St. Louis and the fifth from Minneapolis, Kansas City and San Francisco.

Mr. Eccles according to a Washington account June 17 in the New York "Journal of Commerce" by F. J. Falvey, stated that if it became necessary for banks to make increasingly heavy purchases of Government securities, this could be accomplished by reducing reserve requirements. He said that present excess reserves amount to approximately $2,500,000,000 and that these reserves could be utilized for the purchase of approximately $12,500,000,000 of Federal bonds. Mr. Eccles was further reported in the "Journal of Commerce" account in part as follows:

> Mr. Eccles admitted that increasing bank deposits could be inflationary at a time when the amount of goods available for consumption is decreasing. He went on to explain, however, that by reducing reserve requirements by $5,000,000,000 banks would be enabled to purchase an additional $50,000,000,000 in Government seceurities since the relation between deposits and reserves would be reduced to a ratio of 10 to 1.
>
> In addition, Mr. Eccles told the committee that operations of the Federal open market committee could still further increase the ability of the banks to buy bonds. He pointed out that the open market committee could purchase $1,000,000,000 in Governments and increase excess reserves by this amount. The increase of $1,000,000,000 in excess reserves, he said, would support the purchase of an additional $10,000,000,000 in bonds by banks.
>
> The Federal Reserve Board chairman also reiterated his advocacy of stabilizing interest rates at 2½% on Government bonds during the war. He said that it would be difficult to finance the war with sales of Government securities at increasingly high interest rates. Such a policy, he added, might cause present purchasers to suffer losses if their securities sold at prices below par while new issues at higher rates were selling at a premium.

* * *

The Federal Reserve Chairman said it was clear from Congressional hearings and debates that Congress intended the Federal Reserve banks be represented on the open market committee by their presidents. However, Mr. Eccles added, no provision for this was made in the law, and efforts have been made to elect officers of commercial banks to this committee.

In order to clarify this situation, Mr. Eccles said he favored an amendment to the law providing that Reserve banks must be represented on the open market committee by their presidents or their first vice presidents. He also advocated a provision which would give the open market committee authority to regulate elections to its own membership.

At the present time, Mr. Eccles said, the law provides for the New York and Boston Federal Reserve Banks to elect one member to the open market committee. This, however, has been unsatisfactory, he said, because the president of the New York Federal Reserve Bank has served continuously, while the representative of the Boston bank has served only as an alternate to the New York bank president.

ABA Issues Manual On War Loan Procedure

A further step to increase the credit service of the nation's commercial banks to the production of war goods was taken by the American Bankers Association on June 20 with the mailing to the country's 15,000 banks of a manual on the subject of "War Production Loans under Executive Order No. 9112 and Regulation V of the Federal Reserve System." This is the fourth in a series of manuals published by the Association in the past year and a half, designed to help banks in their efforts to support the various war programs of the government. The first manual was on "Defense Loans," the second on "War Savings Bonds," and the third was on "How Banks Can Assist in the Food for Freedom Program."

The new manual is the outgrowth of the President's Executive Order and Federal Reserve Regulation V issued thereunder, by means of which the War Department, the Navy Department, and the Maritime Commission are authorized to guarantee lending institutions in part or in full against loans made to finance the execution of orders placed with manufacturers by these departments of the government for the manufacture of war supplies.

The purpose of the program contemplated by the President's Executive Order and the Reserve Board's regulation are set forth in the manual. The introduction says:

> The Executive Order of the President, No. 9112, provides a means of financing of industries directly or indirectly contributing to the all out war effort. This authorizes the War Department, Navy Department and United States Maritime Commission to make or to guarantee loans, discounts and advances for the purpose of financing any contractor, subcontractor, or others engaged in any business or operation deemed by these departments to be necessary, appropriate, or convenient for the prosecution of the war, and appointed the Federal Reserve banks as agents of these departments for the purpose of guaranteeing part or all of any such loans, discounts, and advances made by a financing institution where such institution feels that it cannot assume all the risk.

In a letter addressed "To the Nation's Banks," appearing in the Manual, Henry W. Koeneke, President of the American Bankers Association, says, "there are many patriotic manufacturers whose machines and facilities have remained idle because of abnormal credit needs. Emergency provision, however, has now been made for their benefit."

The manual, a 40-page booklet, contains the Executive Order and Regulation V in full text and in briefed form, a copy of the application by means of which lenders secure the guarantee and the full text of the standard form of guarantee agreement adopted by the three services mentioned.

Ill. Bankers' Committees

New appointments to the various committees of the Illinois Bankers Association for the year 1942-1943 were announced on June 17 by Henry G. Bengel, President of the Association, and Vice-President of the Illinois National Bank, Springfield. Each committee is charged with the responsibility of looking after the interest of the membership in its respective field. It will be the policy of the Association, President Bengel stated, for each committee to start its work early and take upon itself at least one important activity possible of accomplishment during the coming year.

Mr. Bengel is Chairman of the Executive and Finance Committees. The other Committee Chairmen are:

Agriculture — Fritz J. Reu, First National Bank, Carthage.

Bank Management — B. J. Ghiglieri, Citizens National Bank, Toluca.

Crime Prevention and Insurance — Sam G. Smith, Neat, Condit & Grout National Bank, Winchester.

Education and Public Relations — Henry D. Karandjeff, Granite City Trust & Savings Bank, Granite City.

Legislation—William H. Miller, City National Bank & Trust Co., Chicago.

Membership — George R. Boyles, Merchants National Bank in Chicago.

State Savings Bank Life Ins. Passes $25 Million

Total savings bank life insurance written in the State of New York crossed the $25,000,000 mark on June 16, according to an announcement made by Judge Edward A. Richards, President of the Savings Banks Life Insurance Fund. Judge Richards also announced the entrance of the Bronx Savings Bank in the system—the 26th issuing bank and the 44th through which policies are available.

"With all the uncertainties of war, the security for the family takes on an added importance in most people's minds," Judge Richards stated. "That many of these people are turning to their savings banks for life insurance protection at low cost is evidenced by the $25,000,000 worth of policies which have been written by the life insurance banks. With the savings available in these low cost policies, the individual can purchase additional War Savings Bonds or set aside emergency funds in his savings account."

Factory workers, says the announcement, by Judge Richards, account for 29% of the Savings Bank Life Insurance applications currently being received, according to a survey just completed. This, it is noted, is the largest single occupational classification. Office and store clerks, salesmen, restaurant employees, domestics, policemen, firemen, housewives and students account for an additional 55% of the applications, with the balance—16%—coming from professional men, executives, and persons with miscellaneous occupational classifications.

Senate To Inquire Into Cotton Market Letter

Referring to Washington news reports of a proposed investigation by Senator Elmer Thomas of Oklahoma into the issuance of market leters that are supposed to have caused a decline in cotton prices, New York Cotton Exchange officials stated on June 16 that the market forecasting service complained of has no connection whatever, either directly or indirectly, with the Exchange, nor, so far as is known, with any of its members. The Exchange in its announcement also says:

> The matter in question came to the attention of the Exchange last week and was promptly submitted to proper Government authorities for investigation.

Reporting Senator Thomas as stating on June 15 that an organized bear raid upon cotton prices had caused a decline of $10 a bale and a loss of $100,000,000 on the 10,000,000 bales in storage, Associated Press advices from Washington said:

> In a statement he said that a special Senate Committee which he heads is investigating an alleged program to depress farm prices. He said the committee had received a complaint stating that a market forecasting service in New York City had advised clients on May 27 to sell October cotton futures and keep all short positions intact until October cotton sold below 18 cents a pound.
>
> "At the time the notice and advice was sent out," Senator Thomas said, "October futures were selling around 19.50 cents a pound and immediately a short selling wave started and did not end until the advertised objective had been reached.
>
> "This organized bear raid upon cotton farm prices caused a decline of some $10 a bale and a loss on the 10,000,000 bales in storage of some $100,000,000. The estimated loss on the Government stocks of cotton alone amounted to almost one-half that amount."

Swope Made Consultant

Secretary of War Stimson announced on June 18 the appointment of Herbert Bayard Swope as an expert consultant in the Bureau of Public Relations of the War Department. He will be on part time duty. Mr. Swope is a publicist and former newspaper reporter, having worked on the St. Louis "Post-Dispatch," the Chicago "Tribune," the New York "Herald" and the New York "World."